Daily Report

Latin America

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Cuba

SWAPO President Nujoma Pays Official Visit

FL1205122188 Havana Television Service in Spanish 0000 GMT 12 May 88

[Report from Havana's Jose Marti International Airport by unidentified reporter]

[Text] Sam Nujoma, president of the SWAPO [South-West African People's Organization] arrived this afternoon in our country in response to an official invitation from our Commander in Chief Fidel Castro. Jorge Risquet Valdes, member of the PCC Politburo and Secretariat of the Central Committee, met him at Havana's Jose Marti International Airport

After greeting representatives of the African diplomatic corps accredited in our country, Nujoma, accompanied by Risquet, spoke to journalists at the airport.

[Begin recording] [Reporter] Politicians think that South Africa has become united because of the constant military defeats they have suffered recently from participating in the recent London talks. What do you think?

[Nujoma, in English with consecutive Spanish translation] Yes, it is true. The apartheid regime is confronted with military defeat in Namibia and its recent defeat in Cuando Cubango and the racists are now retreating or withdrawing to Namibia from where they came. They clearly have been decisively defeated. [end recording]

Holds Talks With Risquet

FL1205124588 Havana Tele-Rebelde Network in Spanish 1100 GMT 12 May 88

[Text] Sam Nujoma, president of the SWAPO, and Jorge Risquet Valdes, member of the PCC Politburo, have headed the official talks held between the two organizations at the Central Committee offices in Havana. A broad exchange of information took place on the negotiation process underway aimed at finding a solution to the conflict in southwestern Africa.

Sam Nujoma is visiting Cuba at the invitation of Commander in Chief Fidel Castro. The top leader of the SWAPO arrived at the Jose Marti International Airport from the United States via Mexico after participating in the UN General Assembly. There, he accused South Africa of being responsible for the colonial situation Namibia is suffering.

Lays Wreath at Monument

FL1205185588 Havana Tele-Rebelde Network in Spanish 1700 GMT 12 May 88

[Text] Sam Nujoma, president of the SWAPO, went to the Revolution Square this morning as part of the activities during his visit in our country. There, he placed a floral wreath at the foot of the monument honoring our national hero, Jose Marti. Jorge Risquet Valdes, member of the PCC Politburo and Central Committee Secretariat, accompanied the distinguished African leader. Nujoma is in our country as a result of an official invitation extended to him by our Commander in Chief Fidel Castro.

YSP's Al-Bid Stops Over in Havana, Meets Castro

FL1205142788 Havana Tele-Rebelde Network in Spanish 1100 GMT 12 May 88

[Text] At the Jose Marti International Airport, Commander in Chief Fidel Castro, first secretary of the PCC Central Committee, has met with 'Ali Salim al-Bid, secretary general of the Yemeni Socialist Party [YSP]. The Yemeni leader arrived in Havana heading a delegation from his country on a brief stopover on their way back from Nicaragua, where they paid an official visit. The friendship ties uniting Cuba and the People's Democratic Republic of Yemen were reiterated during the short period of time the YSP delegation remained in Cuba.

National Bank Head Meets Brazilian Officials

FL1205145088 Havana Radio Progreso Network in Spanish 1100 GMT 12 May 88

[Text] Roberto Abreu Sodre, foreign minister of Brazil, has met in Brasilia with Hector Rodriguez Llompart, minister president of the National Bank of Cuba. They discussed bilateral relations and international matters. The Cuban official also met with the president of the Central Bank of Brazil, and the secretary general of the Finance Ministry, and paid a courtesy visit to the management of the Bank of Brazil.

Basic Industry Minister Holds Talks in CSSR

FL1205203888 Havana Radio Reloj Network in Spanish 1912 GMT 12 May 88

[Text] Frantisek Hanus, secretary of the Central Committee of the Communist Party of Czechoslovakia [title as heard], today received in Prague Marcos Portal Leon, Cuban basic industry minister.

During a meeting, the two leaders examined some bilateral economic cooperation projects with Vlastimil Ehrenberger, Czechoslovak fuel and power minister, and Mario Rodriguez Martinez, Cuban ambassador to the CSSR.

Portal Leon's activities have included a meeting with Ladislav Gerle, Czechoslovak minister of metallurgy and heavy engineering [title as received]. Portal Leon and Gerle discussed economic and scientific-technical cooperation between Cuba and the CSSR for the coming years.

The Cuban minister is in Prague on a working visit.

Solis Denial on Cuban Military Presence Cited

FL1205030688 Havana Television Service in Spanish 0000 GMT 12 May 88

[Text] Panamanian President Manuel Solis Palma today denied the remarks made by the United States that Cuban soldiers are present in that country. He stated that the only thing they have received from Cuba is medicines.

The Panamanian president questioned the remarks made by U.S. Defense Secretary Frank Carlucci, who said that the alleged Cuban presence is a threat to the security of the interoceanic canal.

Solis Palma said that such remarks are no more than lies used by the United States in its brutal and disproportionate economic and political aggression against that small nation.

Cuba has donated 14 tons of medicine as solidary assistance in view of the difficult situation created by the economic blockade, he said.

Other reports indicate that the process of reopening Panamanian banks continues. Even though operations are progressing smoothly, they will not become regular for another 2 or 3 months.

Comparison of Castro Pinar del Rio Speech

Havana Cubavision Television in Spanish at 0200 GMT on 8 April carries a recording of the 1-hour and 13-minute speech by Fidel Castro, first secretary of the PCC and president of the Councils of State and Ministers, at a ceremony held in Pinar del Rio on 30 April to inaugurate projects on the occasion of 1 May, International Workers Day. The Havana Cubavision Television version of the speech has been compared with the Havana Television Cubana Network version published in the 6 May Latin America DAILY REPORT, page 1, and found to be identical, allowing for the following clarifications and fills:

Page 1, column two, second paragraph of item headlined "Castro Inaugurates Projects in Pinar del Rio," from line five, reads... multitude of people. My namesake [refers to Fidel Ramos Perera, first secretary of the executive bureau of the Pinar del Rio provincial committee] had told me... (rewording, changing editorial note)

Page 2, column one, paragraph three, from line thirteen, reads... time was invested. A large part of our trip here was made on a wide highway. The rest of the... (rewording)

Same page, same column, penultimate paragraph, from line two, reads... organized the brigades. I say it was 10 years ago, but it was probably 15 years ago. The highway was begun in the capital, and it was begun with six lanes up to Artemisa. Experience was not... (rewording)

Page 3, column one, first paragraph, from line four, reads... construction of dams. The workers were rescuing equipment that was old and had been abandoned. They were restoring it and putting it to work. This provided the... (rewording)

Same page, same column, paragraph two, from line four, reads... on that occasion. The date was set for 26 July 1988. Some say that... (rewording)

Same page, same column, paragraph four, from last line, reads... all its connecting roads. [new graf]

Of course, we are thinking of giving some support to that brigade. We are thinking of giving it some resources. Perhaps we can replace some of the truck parts. Other equipment can... (picking up line three of paragraph five, rewording)

Same page, same column, last paragraph, from last line, reads... meet that goal. This brigade has that goal. We are not... (picking up first paragraph, line one, on column two of page 3, clearing indistinct words)

Page 4, column one, paragraph one, from line seven, reads... products have to be brought here: all of the... (rewording, providing indistinct words)

Page 5, column two, paragraph three, from line one, reads... most, all the eastern projects will be... (clearing questioned word)

Page 6, column two, paragraph two, from antepenultimate line, reads... amount to some 150 million pesos. The electronics industry... (correcting figure)

Page 7, column two, penultimate paragraph, from line eight, reads... See what gigantic progress... [changes thought] Hospital installations will... (adding word "progress")

Page 8, column one, penultimate paragraph, from line eight, reads... such as the Engels School, or many... (clearing questioned word)

Same page, column two, penultimate paragraph, from penultimate line, reads... lot of patience. [new graf]

On the occasion of our visit here, we proposed the use of automatic machines for that job. Fortunately, I think that we will soon have them. The good use... (picking up last paragraph of column, line three, rewording and providing indistinct words)

Grenada

CDB 1987 Economic Report Notes GDP Growth

FL1005214088 Bridgetown CANA in English
1742 GMT 7 May 88

[Text] Bridgetown, Barbados, May 7, CANA—In 1987, the gross domestic product of Grenada grew by approximately 6 percent following an increase of 5.5 percent in 1986, according to the Caribbean Development Bank (CDB).

The CDB's annual report, presented to the 18th annual meeting of its board of governors in St Kitts and Nevis on May 11, noted that the main factors which spurred economic activity were the exports of goods and services and gross investment. However, because the revenues which accrued to the government were not commensurate with the increase in economic activity, the fiscal and external disequilibria deepened. As such, the improvement in GDP seems to have masked an aggravation of monetary and fiscal pressures that had been building up since early 1986, the report said.

The rate of unemployment also remained high. Agricultural activity grew slightly, as a result of increased production of bananas and other traditional export crops. Despite a sharp reduction in the number of growers registered with the Grenada Banana Cooperative Society, preliminary data indicate that banana output grew by 6.7 percent from 8,100 tonnes in 1986 to 8,700 tonnes in 1987. The improvement in output was largely due to better agronomic practices, especially the field packing of the fruit.

Concurrently, banana exports rose from 7,940 tonnes in 1986 to 8,130 tonnes in 1987, while export earnings increased from U.S.3.7 million dollars to U.S.4.1 million dollars.

Cocoa production amounted to 1,800 tonnes in 1987, an increase of 8.8 percent over the 1986 output level of 1,650 tonnes. Although exports increased from 1,512 tonnes to 1,714 tonnes, total earnings fell from U.S.4.2 million dollars to U.S.4 million dollars, reflecting a surplus of cocoa on the world market and, in turn, a reduction in cocoa prices.

Preliminary data indicate that nutmeg exports did not respond positively to the high prices which prevailed in 1987; but actually declined from 2,500 tonnes in 1986 to 2,480 tonnes in 1987. On the other hand, mace exports rose from 233 tonnes to 243 tonnes. However, nutmeg earnings increased from U.S.9.7 million dollars in 1986 to U.S.14.6 million dollars in 1987, while proceeds from mace exports increased from U.S.2 million dollars to U.S.2.7 million dollars.

Total tourist arrivals increased by 6.4 percent to 187,536 visitors during 1987, compared with 176,181 in 1986. The number of stopover visitors increased slightly from 57,305 to 57,406 and the number of cruise ship visitors increased from 113,854 to 127,214. As a result, total tourist receipts for 1987 only increased by 1.2 percent over receipts in 1986 to U.S.10 million dollars.

Many factors account for the lacklustre performance of the sector, but the more important one was inadequacies in the country's tourism promotional campaigns resulting in contractions in the total number of visitors from the U.S. The decline in the Trinidad and Tobago economy also contributed to a significant reduction in visitor traffic from that source.

The high level of construction activity evidenced in 1986 was sustained in 1987, with the thrust coming from the private sector. Available data indicate that during 1987 the sales of building materials increased, and this is supported by an increase in the number of building permits approved.

Largely as a result of favourable trends in company taxes, and also as a consequence of access to extraregional markets, manufacturing growth accelerated by 16.5 percent during 1987. However, the performances of individual subsectors within manufacturing was uneven. For instance, there were sharp contractions in the production of malt and edible oils, while, on the other hand, there were substantial increases in the output of soft drinks, flour and animal feeds.

During 1987, consumer prices increased by 0.6 percent compared with a decrease of 0.8 percent in 1986. However, the growth rate of domestic prices in the last quarter of 1987 (mainly as a result of the strengthening of the tax collection mechanism and a rise in the foreign exchange tax) was responsible for the increase since there was a decrease of 0.1 percent for the first three quarters of 1987.

Despite the increase in real economic growth, money and credit aggregates expanded at a slower pace in 1987 than in the previous year. The growth of deposits was slower than that of credit, therby worsening the liquidity position of commercial banks. At the end of 1987, commercial banks loan/deposit ratio was 79.6 percent compared with 76.5 percent at the end of 1986. The growth rate of domestic credit slowed during 1987, when credit outstanding increased by 22.1 percent to U.S.214.2 million dollars at the end of the year, compared with a growth rate of 33.8 percent in 1986. The largest share of credit went towards personal loans (47.7 percent), while borrowings by the manufacturing and tourism sectors were 15 percent and 11.9 percent respectively.

In 1987, total visible exports increased by 10.1 percent over 1986, moving up from U.S.28.7 million dollars to U.S.31.3 million dollars. At the same time, the value of total visible imports rose by 5.8 percent over 1986, reaching U.S.88.3 million dollars. Consequently, the visible trade deficit rose to U.S.56.7 million dollars, 3.5 percent higher than the U.S.54.8 million dollars deficit recorded in 1986.

In 1987, the government continued its policy of containing public expenditure and increasing recurrent revenues, but the latter was hampered by low yields arising from administrative problems and inadequate mechanisms to mobilise the novel taxes.

For the financial year ended December 1987, recurrent expenditure including debt service amounted to U.S.53.7 million dollars, compared with U.S.45.5 million dollars in 1986. Concurrently, recurrent revenue totalled U.S.36.6 million dollars, an increase of 5.5 percent over the total of U.S.34.7 million dollars in 1986. As a result, the central government's current account deficit was U.S.17.1 million dollars, when compared with a deficit of U.S.10.7 million dollars in 1986. This deficit was mainly financed from domestic sources and budgetary support of U.S.1.8 million dollars.

In 1987, the central government's debt stood at U.S.80.9 million dollars, an increase of 6.5 percent over the December 1986 figure of U.S.76 million dollars.

Domestic debt rose by 9.1 percent over the December 1986 figure of U.S.32 million dollars to U.S.34.9 million dollars, while external debt increased by 4.5 percent from U.S.44 million dollars in 1986 to U.S.46 million dollars in 1987.

The economic outlook for Grenada for 1988 and beyond is somewhat uncertain as the government's budget and programme for 1988 have not yet been announced. Nevertheless, it would seem that the main policy orientation of the government will remain broadly unchanged, though some tightening of fiscal policy may be expected, given tax revenue constraints.

A slowdown in foreign demand for locally produced goods as well as services is likely and will inevitably dampen exports and investment. Moreover, since it will probably be necessary to drastically reduce employment in the government sector in 1988 in order to bring the central government current account to equilibrium, there is a risk that domestic demand will slow down sharply. Against this backdrop, the foreign trade contribution to growth could be less unfavourable if losses in regional market shares are offset by improvements in the competitiveness of extraregional exports, the CDB report said. However, it is unlikely that export growth will increase sufficiently to prevent the current account deficit from widening further. GDP growth is therefore expected to remain close to 5 percent in 1988, it added.

Haiti

Newly Elected Casec Officials Dissatisfied

FL1305014488 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 12 May 88

[Excerpt] In a press release that appeared yesterday, 11 May, the members of 16 Casec organizations (?from) Gressier thanked everyone who in one way or another helped them obtain the Casec election results. They say that they are today as yet unable to do anything for the population. They reiterate their desire to have the Constitution respected, to work for the people, and to have justice and democracy spread throughout Haiti.

Despite the proclamation of the election results, however, (Almeus Joseph), the second member of the Casec for Riviere Froide—which is the 11th communal section of Carrefour—said in an interview with us that the Casec members are not satisfied because the government has not yet told them anything. They have not been told when they will be sworn in, when they will get paid, or what resources they will have to work with in their communal sections. [passage omitted]

Election Results Protested

FL1305013588 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 12 May 88

[Excerpt] (Fritzner Pierre), a member of a Casec [Administrative Council for the Communal Section] organization from the (Plaine Celeste) section in Cornillon, is protesting the Casec election results. He says they clearly show that these elections were crooked. According to (Pierre), his organization, which includes (Siger Estime) and (Jonisme Bruneus), won the election, getting 644 votes against 497 votes for the (Gustave Excellus) organization.

According to the election results, his organization did not win. We interviewed him and he will tell you what this is all about.

[Begin Pierre recording] It is about a Casec election held on 31 January in the 2d (Plaine Celeste) in Grand Bois. We know our organization, the (Siger Estime) organization, won with 646 [as heard] votes. The (Gustave Excellus) organization lost, getting 497 votes.

The BEC [Communal Electoral Office] in Cornillon sent this result to the CEP [Provisional Electoral Council]. The others came here to discuss it and when they got back to Cornillon, they said Jean Gilbert had sold them the election. They said they had purchased the election, that the election was not held in the provinces but in the capital.

But we are not paying this any mind because we know all our things are in order. We are awaiting the results. This is not an election we purchased. If Mr Jean Gilbert thought this is an election he could sell, he should have told us and we would have come and bought it, too. [end recording] [passage omitted]

Chinese Vice Premier on Reestablishment of Ties
FL1105183588 Mexico City NOTIMEX in Spanish 1621 GMT 3 May 88

[Text] Mexico City, 3 May (NOTIMEX)—Mexican Foreign Secretary Bernardo Sepulveda Amor has expressed Mexico's interest in joining ESCAP and thanked China for its support in this effort during a reception offered in honor of Tian Jiyun, vice premier of the PRC, who is paying an official visit to our country.

Tian, who is on his first trip to Latin America, said one of the objectives of his Mexican tour is the exploration of new ways to increase economic and trade relations.

Tian pointed out the need to reestablish what was known in colonial times as the silk trade route and explained the advantages of the resolutions regarding the opening of trade approved at the first session of the seventh legislature of the National People's Congress held in Beijing.

Likewise, on behalf of their governments, the Mexican foreign secretary and Chinese vice premier criticized some superpowers for wanting to exert political dominance over certain countries on the basis of their financial contributions to international organizations.

We ask for the UN Charter to be respected, said Sepulveda Amor, at the same time that he demanded respect for peaceful coexistence, and opposed foreign intervention.

The Chinese vice premier said his country sees with satisfaction the unity and cooperation efforts of Latin American countries. This was made evident by the Group of Eight meeting held in Acapulco last November.

Later on, during his talks with the Mexican secretary of finance and public credit, Tian noted the positive results achieved by President Miguel de la Madrid's official visit to China in December 1986.

For his part, Gustavo Petricioli recalled that, during the last 7 years, he has had the opportunity to exchange views with the PRC finance minister and his top aides. This has allowed the two countries to keep abreast of each other's economic development.

Government Signs Trade Conduct Codes With GATT
FL1105214988 Mexico City NOTIMEX in Spanish 1525 GMT 8 May 88

[Excerpt] Mexico, 8 May (NOTIMEX)—Mexico has signed four trade conduct codes which totally incorporates it into the GATT. The GATT agreements regulate trade between countries which are members of the international organization.

The Mexican Secretariat of Commerce and Industrial Development (SECOFI) noted that the signing of these codes culminates the negotiation which the current administration began in November of 1985.

According to EL NACIONAL, the secretariat stressed that prior to signing the document, the Mexican Government had to take into consideration national laws. It had to ensure that they did not conflict with the principles guiding the provisions of the GATT and that its acceptance would not require amendments to the Mexican Constitution.

The codes signed by Mexico were codes on standards, licensing, antidumping, and customs valuation. [passage omitted]

Briefs

Oaxaca Drug Report

Oaxaca, Mexico, 18 Apr (NOTIMEX)—In the past 20 days, the Judicial Federal Police [PJF] has seized more than 11.5 tons of marijuana, 60 kg of marijuana seeds, and 200 kg of opium paste with a value exceeding 17 billion pesos. Various operations resulted in the arrest of 189 presumed drug runners, 13 of them Central Americans residing here. During the same period of time, the PJF confiscated 160 heavy-caliber guns, 140 small-caliber weapons, and 15,000 bullets. [Summary] [*FL1105204288 Mexico City NOTIMEX in Spanish 2349 GMT 18 Apr 88*]

Agricultural Accord With USSR

Mexico City, 9 May (NOTIMEX)—Eduardo Pesqueira Olea, secretary of agriculture and water resources, and Vadim N. Ignatov, deputy chairman of the State Agroindustrial Committee, signed an agricultural cooperation agreement today. The agreement seeks to strengthen technical and scientific exchanges in the field of agriculture and livestock and provides for joint action in the better utilization of arid areas, soil conservation, genetic engineering, and chemicals in plant protection. The agreement will be in effect for 5 years. [Summary] [*FL1005220888 Mexico City NOTIMEX in Spanish 0407 GMT 10 May 88*]

Belize

Mexican President Holds Talks, Departs

FL1205043588 Belize City Domestic Service in English 0100 GMT 12 May 88

[Excerpts] The Mexican President (?the Right Honorable) Miguel de la Madrid Hurtado and Prime Minister the Right Honorable Manuel Esquivel today signed a framework agreement for cooperation in (?trade) and financial matters.

The agreement between the Government of the United Mexican States and Belize will encourage increased trade flow and studies aimed at identifying investment (?possibilities) in strategic sectors and promote exchange of information and experiences regarding economic planning, renegotiation of the foreign debt, and other fields.

His Excellency Mr Miguel de la Madrid left Belize this evening after a 1-day state visit which (?included a trip) to Belmopan where he addressed members of the House of Representatives. [passage omitted]

[Begin De la Madrid recording, in Spanish fading into English translation] On this first state visit to Belize, the first to be made by a president of Mexico, I wish to testify to the high priority which we place on the ties with the people and Government of Belize.

Our talks with Prime Minister Esquivel and his cabinet will enable us to evaluate our bilateral relations and cooperation programs and to promote actions of common interest that will help to consolidate the excellent political communications that characterize our relations. Our cooperation plans, developed particularly since 1981, have focused on trade and energy. An educational and cultural exchange agreement was subsequently signed, and since then our general bilateral relations has been extended to cover scientific and technical cooperation including different projects in the areas of agriculture, fisheries, industry, petrochemicals, tourism, and educational training. [end recording]

The Mexican president also informed the House of Representatives that Mexico is designing a comprehensive cooperation program for the countries of Central America which is intended to expand and diversify economic, educational, cultural, scientific, and technical cooperation with each of the countries in this region of sister nations to which Belize belongs.

More than merely a dividing line, continued the Mexican president, the border between our countries is a bridge for intense communication and friendship where the vitality of our exchange has produced constructive neighborly relations.

In concluding, His Excellency Mr de la Madrid said new exchanges will help to strengthen the ties between Mexico and Belize, increase the mutual knowledge and appreciation of our nation, and fortify a firmer and more lasting solidarity.

In his address to the House of Representatives, Prime Minister the Right Honorable Manuel Esquivel said the friendly relations enjoyed between Belize and Mexico continues to blossom nurtured in the fertile soil of the mutual love and respect for freedom, justice, and equality. [passage omitted]

[Begin Esquivel recording] [passage omitted] Mexico supports the internationally-accepted policy of non-interference in the affairs of independent states. It is not dependent on the physical size or the economic strength of the nation to which she applies that policy. She has shown us through her continued support for the territorial integrity of Belize and our right to determine and chart our own future.

Mr Speaker, this of course is welcomed and cherished by all Belizeans. Mexico's stand has been unequivocal, consistent, and unconditional.

In a world filled with mistrust, where expansionist policies of states abound, it is not often that a small country receives such support from a large neighbor. It is therefore fitting that we publicly acknowledge our (?friend). [end recording] [passage omitted]

The Mexican and Belize foreign ministers this evening hosted a press conference at the Fort George Hotel in Belize City.

The Mexican Foreign Minister Mr Bernardo Sepulveda Amor and Belize Foreign Affairs Minister Mr Dean Barrow announced that they signed an agreement for the setting up of a mixed commission for economic cooperation. Both ministers also announced that they agreed in principle to an extradition treaty to be signed shortly.

[Begin Barrow recording] Our agenda this morning also included a brief exchange of views on the situation in Central America, and we have agreed that there is a need to maintain firmly the principles of absolute respect for the self-determination of nations, a specific sentiment of this [words indistinct], non-intervention in the affairs of sovereign states, and the recognition of the validity of ideological and political truisms in the global community.

Finally, I took the opportunity on the occasion of the meeting this morning to solicit the minister's and Mexico's continued goodwill in Belize's search for a solution to the problems with Guatemala. [end recording]

Foreign Affairs Minister Mr Dean Barrow.

Foreign Ministers Barrow and Sepulveda Amor also announced that they looked at ways to ensure freer trade between both Belize and Mexico.

Mexico has indicated its desire to utilize Belize as a channel to the Caricom market. One of the ways looked at include the free-trade zone at Santa Elena in the Corozal district. They also agreed that 1988 could be the year of peace for Central America.

In addition, the Mexican secretaries of health and education also held discussions today with Belize's health and education ministers.

Uk To Increase Military Aid, Help Drug Fight

FL1205204588 Bridgetown CANA in English 1971 GMT 12 May 88

[Text] Belmopan, Belize, May 12, CANA—Britain will increase its military assistance to the tune of 200,000 pounds sterling to the Belize Defence Force [BDF] as a result of the United States Congress decision to slash the U.S. defence spending here, a visiting British parliamentarian said here this week.

Tim Eggar, who is the British parliamentary under secretary of state for foreign and commonwealth affairs, said that Britain, however, hoped the U.S. could renew its military aid to Belize in the future.

The additional British contribution to the BDF will help purchase military equipment.

Belize has lost one million dollars (U.S.) in military aid under the American military assistance programme as a result of U.S. cuts under the Gramm-Rudman amendment to balance the U.S. budget. Most Central American countries lost their military support funding under the U.S. Government budget cuts, but Guatemala's was increased this year from two to five million dollars (U.S.)

The visiting parliamentarian, who met with Prime Minister Manuel Esquivel and other members of his cabinet this week, said that Britain will also be assisting the Belize Government in its war against drugs by providing training and technical equipment. Eggar also said that London may also be prepared to have British forces stationed here play a back-up and logistical role if requested to do so by the Belize Government in the war against drug trafficking and the cultivation of marijuana. He added that the British government has been concerned for a number of years about the thrust, not only to Belize but to all the caribbean countries...by drug barons.

Eggar also said that he British-based Commonwealth Development corporation wants to provide a loan to the Belize Banana Control Board for the improvement of port facilities at Big Creek in the southern banana belt of Belize. The improvement of this port would allow banana boats from Britian to dock at Big Creek to facilitate the direct shipment of bananas to the U.K.

Bananas destined for the U.K. market are currently shipped first to the Guatemlan port of Puerto Cortez by barge for onward shipment to Britian. Belize last year exported 1.2 million forty-two-pound boxes of bananas to the U.K. Officials here predict that banana shipments to the U.K. will more than double by 1992.

Costa Rica

Foreign Minister on Guatemalan Coup Attempt

PA1205223088 San Jose Radio Impacto in Spanish 1830 GMT 11 May 88

[Unattributed report from the presidential palace]

[Excerpt] Costa Rican Foreign Minister Rodrigo Madrigal Nieto has said that if it were true that there has been a coup attempt in Guatemala, things linked to the Central American peace process will probably change. Answering questions on that topic, Foreign Minister Madrigal said:

[Begin recording] [Question indistinct]

[Madrigal] If there were a successful coup there, I imagine the new government would have a new foreign policy, and we would have to see if the motivations [words indistinct] eventually, if a new foreign policy is implemented, because we have no reason to believe there is anything definite. We are only basing our opinion on social and economic matters and [words indistinct] international policy, or both. We cannot give a definite answer to you when [words indistinct] still under way.

There would probably be a new proposal for Central America [words indistinct]. We must wait and see what happens. The truth is we do not have enough information to evaluate the situation. [end recording]

Foreign Minister Madrigal said he will release to the local press any additional information he receives. As of now, it has been learned that there was a coup attempt and a military operation in Guatemala.

The Costa Rican Foreign Ministry is in touch with our embassy in Guatemala through our ambassador, Mario Charpentier. [passage omitted]

Arias Assessment of Economy Questioned

PA1305013088 San Jose LA NACION in Spanish 6 May 88 p 14-A

[Editorial: "Economic Vicissitudes"]

[Text] The short time and little space devoted by Mr Oscar Arias to the economy during his presidential message undoubtedly confirms his limited interest and the meager results achieved in this area. He failed to spend enough time analyzing developments in this important area and clarifying future policies. He made certain observations that are not realistic. First, it is not

realistic to claim that "a different way to produce that demands more efficiency from us" has been established in Costa Rica, because a protective and distorted production structure remains virtually unchanged. Only changes in form have been made because a plan for structural changes has not even been presented to the Legislative Assembly. Moreover, it is incorrect to say that the "state apparatus has been reduced" simply because public expenditures in real terms decreased slightly (5 percent). The state's structure is also essentially unchanged. We have praised the decrease in expenditures and of the deficit on several occasions because it is a positive sign, but this is not enough because expenditures continue to burden other areas of the economy through taxes and foreign debt, which affect production and raise interest rates. Also, the deficit has been primarily decreased through tax increases and overpriced public services, which are heavy burdens for the masses.

We concur with the president of the Republic that many economic problems were inherited, including a deficient production system, industrial and agricultural protectionism, Central Bank losses, and a large bureaucracy within the central government and institutions. However, we disagree with his attempt to blame [former President] Luis Alberto Monge for the current inflation, because this administration is solely responsible for increases in public expenditures, credits, and liquidity in 1986 and early 1987. We are suffering from inflation that the government has been unable to control. Statistics prove this. This is why we are dismayed that the president quoted, with an interest that was more political than technical, from a document of the Episcopal Conference, headed by Msgr Roman Arrieta, that erroneously blames an increase in the cost of living on the country's businessmen without properly analyzing monetary, fiscal, and exchange factors, which are most influential in causing price increases.

One plain paragraph on the crisis in agriculture, which has shaken that part of the population involved in agriculture, did not meet the expectations we had of the presidential message. The fact that production in our country, which is geared toward agriculture, is significantly decreasing; that it is importing basic staples such as rice and beans instead of exporting them; and that there are few possibilities for a recovery in the cattle-raising subsector—which suggests that we might soon be importing meat—show that things have not been going well and that it was a mistake to overlook these factors. However, we hope the president will change his path and improve the economy in the 2 years left in his administration.

El Salvador

Venceremos: Honduras Involved in Conflict

PA1205232088 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 12 May 88

[Text] Your attention, please. Here is a report from Honduras. Salvadoran Army troops are in Colomoncagua, in Honduras. Your attention to this report that is reaching Radio Venceremos. A report from Honduras states that Salvadoran troops are in Colomoncagua, Intibuca Department.

Their presence is yet another confirmation of the involvement of the Honduran Army and Government in the military plans and counterinsurgency operations of Colonel Rene Emilio Ponce, commander of the eastern region, who has assumed control of the border area on the Honduran side. He has assumed command of some Honduran Army officers' troops. Col Rene Emilio Ponce's troops can no longer act on their own in Morazan Department because they need assistance from Honduras to try to prevent the attacks by our rebel forces. They need to combine Salvadoran and Honduran troops. They are involving Honduras in our conflict.

Honduras should think about this. They are being involved in border skirmishes when the war in El Salvador is being fought in the cities, in the vital areas of our country, dozens of kilometers from the border. The Honduran troops should think about this. They are being used as cannon fodder.

The FMLN's strategic attack on the 5 November Dam and the maneuvers in Santa Ana Department should give an idea of how things are and what the war situation is in El Salvador. The 5 November Dam was guarded by battalion members who were unable to react. The dam was the strategic target that they were obliged to defend. However, our guerrilla army accomplished its objective without any of the Salvadoran Army troops being able to prevent it.

Our rebel army has successfully attacked the enemy brigades, units, garrisons, and the vital areas throughout El Salvador. The border is far from where the war is taking place. The involvement of Honduran soldiers in our conflict will only create problems for Honduras. The Salvadoran and Honduran troops who are in Colomoncagua must reflect on the real situation. The war in El Salvador is advancing in the vital areas, and you are there as sacrificial troops, being led to slaughter for no reason at all. The Duartist Army is a defeated army; it is lost. Honduras should not get involved in a war in which it has nothing to gain, but plenty to lose.

We call on the Honduran and Salvadoran forces to witness the presence of the Salvadoran Army troops in Colomoncagua. We call on mass organizations and Honduran political parties to witness the presence of the Salvadoran troops in Honduran territory. Honduras is being involved in another war in which it has nothing to gain. It is a war contrary to its interests.

FMLN's Martinez Comments

PA1205234388 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 11 May 88

["Part two" of interview with FMLN Commander Ana Guadalupe Martinez, "Maria," by unidentified reporter; date and place not given—recorded]

[Text] [Reporter] Comrade Ana Guadalupe: What is your opinion on the intervention of the Honduran Army in the Salvadoran conflict—in the repression of the people as well as in clashes with the FMLN in coordination with the Salvadoran Army?

[Martinez] First, we cannot consider these border incidents—both at Morazan and north of San Miguel—as isolated events. Instead, this is part of a U.S. plan to involve the Honduran Army with the Salvadoran Army, using Honduran territory in their fight against the FMLN. We therefore see the involvement of the Honduran Army in our internal conflict as an escalation of the war in El Salvador. We cannot see it any other way. It is a reaffirmation of the U.S. Administration's warmongering and militarization policy, which only sees the military solution as the way to resolve the area's conflicts; in this case, the Salvadoran conflict.

This is the time when the international community, the political parties, the social forces, and the church looked to the area for a series of agreements to wind down the conflict to ensure a lasting peace in Central America. Then we come across something that is now a reality: The participation of Honduras in El Salvador's internal conflict. This is an escalation of the conflict in El Salvador. I repeat, this goes completely against the wishes of the international community, area interests, and U.S. political and social groups, which do not want to be involved in Central American conflicts.

We appeal to Honduran internal forces, the opposition, political parties, social forces, teachers, peasants, and professionals to demand that their government and Armed Forces end their participation and involvement in the U.S. plan.

At this time in which the Honduran people are increasingly rejecting the U.S. plan to involve Honduras in the conflict against Nicaragua and El Salvador, the people must continue to reject this and they should clearly state to the U.S. Government that the Honduran people do not want to participate in another war. At a time in which the international community seeks to deactivate the counterrevolution through the agreements that have been signed, by which the contras are agreeing to become a political force and play a patriotic role in view of what is going on in Nicaragua, the U.S. Administration is creating a new counterrevolution in Honduras, which is intended to oppose the Salvadoran process.

We do not doubt that once the Nicaraguan military contra leaders refuse to accept disarmament, they may then end up being involved in an offensive against the FMLN. We condemn this and we warn the international community to be attentive to what is happening on the Honduran-Salvadoran border. What is happening there is a new military (?terseness) that instead of contributing to the solution of the armed conflict in Central America is creating new tension that does not contribute to the people's desire for peace in Central America.

Guatemala

President Announces Trial of Coup Perpetrators

PA1205225788 Panama City ACAN in Spanish
2115 GMT 12 May 88

[Text] Guatemala, 12 May (ACAN-EFE)—Today the Guatemalan Defense Ministry opened proceedings against the rebel officers and civilians involved in an attempted military coup on Wednesday, which was thwarted by forces loyal to the government.

Today Guatemalan President Vinicio Cerezo said at an impromptu news conference that the trial began today with the transfer of the case to the military and public district attorneys.

"The district attorneys will decide, when the time comes, whether to disclose the identities of the civilians and military personnel involved," Cerezo explained, in an effort to avoid naming the people involved.

The Christian Democratic president said the military intelligence service "has sufficient information to sentence the masterminds and perpetrators of the thwarted plot, which he still describes as "an act of military indiscipline." [quotation marks as received]

Cerezo added that besides being expressly prohibited by the penal code, "the disclosure of names could hinder the investigations," which he said are still underway, "because more people than believed at first could be involved."

Nevertheless, Cerezo said "there is no evidence at this time regarding the involvement of any of the political leaders from the parties currently operating within the law."

The president reiterated what he said on Wednesday to the effect that "these problems can be resolved if prompt, calm, and decisive action is taken."

Cerezo said again that "in a demonstration all sectors have the right to express their disagreement," and he recalled the series of strikes by employees from various sectors that his government endured last year.

"If the judges went on strike and formed a union, the military also feel, think, and express opinions," and he stressed that "there was an omission on my part when I failed to explain to the military what I want and where I want to lead the country."

Presidential spokesman Julio Santos said, meanwhile, that "two businessmen from the suburban transportation sector were arrested for their participation in the coup attempt. They provided vehicles for the mobilization of insurgent troops."

The two businessmen are from Retalhuleu, while the contingent that left Jutiapa did so in vehicles from the base, according to base Commander Colonel Arturo Getella, who explained that the action was the work of his second in command, former Colonel Gustavo Adolfo Cifuente.

This officer's name is the only name that has been revealed so far, but according to statements made yesterday by President Cerezo, "at least 5 ranking chiefs and 3 officers from each base are involved," which makes a total of 11 military men.

Meanwhile, it has been reported that two civilian employees at the state telephone company (Guatel) were arrested, but their participation in the plot was not disclosed.

In accordance with the penal code, by which the civilians will be judged, and military law, the respective district attorneys have 15 days for investigations and indictments, and during that period there must be absolute secrecy regarding the proceedings.

At the conclusion of the secret proceedings, only the names of defendants against whom there is reasonable evidence of guilt that merits their remaining in prison until sentencing is completed will be made public.

Army Communique on Attempt

PA1305004888 Guatemala City EL GRAFICO in Spanish 12 May 88 p 4

["Official Army Communique"; date and place not given—quotation marks as published]

[Text] "The media have been invited here to be informed of the irregular incidents that have taken place in the last few hours, to forestall rumors and disinformation.

1. I must say that, in view of the present situation, and the particular situations in certain Latin American countries, Guatemala certainly has set a record of having kept a solid democratic government for the past 28 months.

2. Speculation, misinformation, and some unscrupulous people were finally able to influence some Army officers. As a result, today in the early morning certain acts of indiscipline occurred in 2 out of the 74 Army military zones and installations in the Republic.

3. Fortunately, these actions were immediately neutralized. The officers involved immediately suspended their actions. Some of them even claimed to have been deluded by fellow officers into thinking that they were being mobilized to support the government.

At this moment, the two responsible officers have been identified and are being investigated. One is in the Jutiapa military zone and another is in the Retalhuleu zone.

5. [Figure as published] The Guatemalan Army confirms and reiterates its unrestricted support for the constitutional government and states that it will not tolerate these isolated incidents, which were caused by radical civilians, enemies of the democratic system that the people of Guatemala elected with their votes.

6. We hereby remind those radical elements that these incidents are crimes and that, as such, they will not be tolerated. In addition, we hold them responsible for whatever consequences these actions may bring."

'Rightists' Ask Army To 'Liquidate' URNG

PA1205191488 Panama City ACAN in Spanish 1711 GMT 11 May 88

[Text] Guatemala City, 11 May (ACAN-EFE)—Today Oscar Rivas, secretary general of the Democratic Institutional Party (PID), and Rudy Fuentes, spokesman for the National Liberation Movement (MLN), requested the Army to liquidate the guerrillas and to "have no more talks" with them because all that the rebels are doing is "playing for time in order to reorganize."

The two rightist, anticommunist political groups have been allies in the majority of the elections and military governments of the last 30 years. This was their reaction to the possibility of a rapprochement between the Christian Democratic government and the Guatemalan National Revolutionary Unity (URNG).

The possibility was broached by Msgr Rodolfo Quezada Toruno, president of the National Reconciliation Commission (CRN), after a meeting with the URNG in Costa Rica on 16 April.

Quezada Toruno explained that "the CRN is not acting as mediator; it is only attempting to help effect a rapprochement that will put an end to the 27-year-old bloodbath in Guatemala."

Bishop Quezada Toruno added that another meeting has been scheduled for 16 May, also in Costa Rica.

Today Fuentes Sandoval said that a dialogue between government representatives and the guerrillas "would be a waste of time" because "the rebels are attempting to gain power without political activity."

Fuentes added that "they are only taking advantage of this opportunity to give the impression that they are willing to work for peace, but they are not giving up their violent practices."

Rivas, for his part, warned that "peace will not be reached that way because subversives do not forget their goal, which is to take power by force of arms."

He also warned that "the guerrillas are taking advantage of political spaces to strengthen themselves as soon as they realize that they are losing ground."

In conclusion, both leaders request that the government, and especially the Army, "not talk with the guerrillas anymore." On the contrary, the problem should be permanently terminated.

The URNG has been continuously seeking to hold a dialgue with the government since last year, when a "rapprochement" between both sectors was held from 7 to 9 October 1987 in Spain.

Afterwards the Army announced that "there will be no more attempts to hold talks with the guerrillas." Vinicio Cerezo's Christian Democratic government has maintained this position and in addition demands that the guerrillas lay down arms before talks can be held.

In early March the URNG requested the mediation of the Guatemalan CRN and that of Costa Rican President Oscar Arias. The government, however, accepted neither, but it considered both efforts "as attempts to help."

Honduras

Lopez Contreras on Shultz Meeting, Contra Aid

PA1205222588 Tegucigalpa Cadena Audio Video in Spanish 1130 GMT 11 May 88

[Report by Elan Reyes Pineda; passages within quotation marks recorded]

[Text] Foreign Minister Carlos Lopez Contreras has been very busy after returning from Washington, where he met with U.S. Secretary of State George Shultz. Foreign Minister Lopez Contreras said he discussed with Shultz the indemnification that Honduras must pay for the damage caused to the U.S. Consulate on 7 April.

Yesterday Minister Lopez Contreras held several private meetings with various Foreign Ministry officials, including Honduran Ambassador to Nicaragua Efrain Gonzalez, who refused to comment on the matters discussed. However, it is believed that they discussed the latest protest received from Father Miguel D'Escoto Brockman following the expulsion of several contra leaders last week. Lopez Contreras denied any knowledge of that protest note almost 18 hours after it had been delivered to his ministry.

[Reyes Pineda] "What is the situation regarding the Nicaraguan protest over the expulsion of some Nicaraguan contras? Could you tell us the Honduran interpretation of that stance?

[Lopez] "I would recommend that you consult on that matter with the Armed Forces. I have no information in that regard. I am returning from a meeting, so I am totally unaware of that.

[Reyes] "However, we understand that Father Miguel D'Escoto has sent you a protest note. Have you seen it?

[Lopez] "No, I have not. I have just arrived at the Foreign Ministry.

[Reyes] "What are the results of your meeting with George Shultz? How are Honduran-U.S. relations after that meeting? What is the situation?

[Lopez] "It was a normal meeting, with positive results. I visited Washington on my return trip from Europe, following instructions from the president to clarify matters such as the warning to U.S. travelers, the damage to the U.S. Embassy, and other disagreements concerning the fire at the U.S. Consulate. However, all matters have been settled, and current relations are excellent and cordial.

[Reyes] "It has been said that Honduras will pay $6 million; others say $3 million; while others believe that we should not pay. What did you agree with George Shultz regarding the payment Honduras must make for the damage to the consulate?

[Lopez] "There has been no agreement. We confirmed our previous verbal and written commitment to the U.S. Government, which we acknowledged after the incidents, that Honduras has assumed its responsibility for indemnification. There is no doubt about that. We must comply with international law, and at no time has Honduras tried to avoid its reponsibility. The magnitude and assessment of the damage and the procedure to be followed for the indemnification is open to discussion. However, the state has never tried to evade its responsibility."

Foreign Minister Lopez Contreras told Radio America that an official of the Honduran Central Bank is assessing the damage and has been in contact with U.S. Embassy officials to determine the amount to be paid to the United States.

[Lopez] "We requested an assessment by a Central Bank official; we understand he has contacted U.S. Government authorities to evaluate the damage."

Based on the Esquipulas agreements and on the agreement signed between the contras and Sandinists in Sapoa, aid for the Nicaraguan contras should not be delivered in Honduran territory, because there are specific areas for that purpose. However, Foreign Minister Lopez Contreras has said that Honduras decided to do so for humanitarian reasons.

[Lopez] "The Honduran Government simply made a decision because there are people dying from hunger at the border.

[Reyes] "However, the Nicaraguan Government continues to protest this Honduran position. How does the government interpret those protests; is this consistent with the Esquipulas and Sapoa agreements?

[Lopez] "They have a different viewpoint. As I said, we must abide by international agreements. An agreement was reached for a provisional cease-fire.

[Reyes] "The Sandinists contend there are specific areas where the contras should gather to receive that aid. Therefore, they are protesting the delivery in Honduras, because they feel that it is really a Nicaraguan problem. Has the government analyzed this?

[Lopez] "Yes. The problem is that there is still no agreement, time continues to pass, and people are dying from hunger. We see this basically as a humanitarian problem."

Armed Forces Claim Ability To Control Contras

PA1205232588 San Pedro Sula TIEMPO in Spanish 11 May 88 p 16

[Text] Tegucigalpa—Yesterday the Armed Forces stated that they have no indication there could be a confrontation between contra groups inside Honduran territory and that the national Army's detachments in the border region have "the capability to control such a confrontation" if it ever were to happen.

TIEMPO has confirmed reports that about 2,000 counterrevolutionaries belonging to the dissident group opposed to U.S.-supported military commander Enrique Bermudez have seized Yamales camp.

The dissident troops are commanded by Diogenes Hernandez Membreno, known as Commander Fernando. Fernando escaped from Honduran Army protection last week when seven leaders opposed to Bermudez were deported to the United States.

The dissident force is composed of fighters from five regional command units who went into Honduras when U.S. aid was cut and the 23 March Sapoa agreement was signed.

Fernando's 2,000-man force has decided it will not allow into the camp members of the Bermudez' staff, which includes, among others, Quiche, Aureliano, and Mike Lima.

The dissidents believe Bermudez, known by the troops as Commander 380, wants to install a dictatorship in Nicaragua like Somoza's, with corruption, human-rights abuses, and so on.

On Monday, a group of dissident rebels going from Capires to Yamales in a truck was ambushed by men loyal to Bermudez; four rebels were wounded.

Commander 380's supporters, who have camps in Capire and Yamales, have prevented the dissident contras from receiving part of the $47.9 million approved by the U.S. Congress for the contras . The distribution of this aid in Honduras was approved by the Honduran Government.

According to information we have obtained, there are possibilities of armed confrontations between the two contra factions, which apparently appeared after the Sapoa agreements were signed, because one sector agrees with the peace process and the other prefers a military solution.

It was reported that the two factions, which established several camps near the Honduran-Nicaraguan border, are properly armed; at least Commander 380's followers are provided with heat-seeking "Redeye" missiles.

Yesterday, TIEMPO interviewed Colonel Manuel Enrique Suarez Benavides, Honduran Armed Forces public relations director, about the above reports, and he assured us that the Armed Forces have not noticed these types of problems among the rebels.

Suarez Benavides said that since the cease-fire was agreed upon after the signing of the Sapoa agreements, a group of approximately 900 contras fell back to Yamales to receive the humanitarian aid approved by the U.S. Congress, because of the difficulties of getting food in Nicaragua.

However, he said that according to reports from soldiers posted near the Nicaraguan border, there have been no movements of anti-Sandinists. Suarez Benavides added that "there have not been any clashes," specifically referring to the reported ambush.

Suarez said that the Armed Forces do not see the need to reinforce their positions in the border area "because there are no indications of any problems." He stressed that the Army's confidence originates in its trust that the cease-fire agreement will be fulfilled.

Col Suarez said the border area is being patrolled regularly by detachments of the battalions assigned to that area, and he stressed that "if there is any problem with those detachments, there are enough men to control" the contras.

In addition, Suarez admitted that the Army will not let the contras use Honduran territory to resolve problems that have brought the anti-Sandinist movement to the verge of collapse.

Finally, Col Suarez said the Armed Forces have no information concerning the rebels in Yamales camp being armed.

Concern Over Contra Presence in Eastern Region

PA1205202088 Panama City ACAN in Spanish 1616 GMT 11 May 88

[Text] Tegucigalpa, 11 May (ACAN-EFE)—Today inhabitants of the eastern region of Honduras reported that some 4,000 "contras" have retreated from Nicaragua and have set up camps near several Honduran communities.

According to the report, the "contras" have settled near Yamales, Las Vegas, Arenales, and Guangolola, in the Capire community, an area that from 1985 to 1987 was known as "New Nicaragua," which supposedly had a capital called "Managuita."

The sources said that they are worried about the "contras'" presence, because in the past "they harmed civilians and displaced many Hondurans, particularly coffee producers."

Another concern is that Sandinist troops strafe Honduran areas where the "contras" set up their camps and even carry out regular incursions with artillery fire.

According to the Hondurans, "the contras are seriously divided, as some factions support the Nicaraguan Resistance's Political Directorate while others support the Military Directorate, whose leaders are currently engaged in an internal struggle.

The Political Directorate, headed by Adolfo Calero, has started negotiations with Nicaragua's Sandinist regime to agree on a cease-fire.

The Military Directorate is headed by Enrique Bermudez, a former colonel in the Nicaraguan National Guard, who believes in a military solution for his country and that peace negotiations can only succeed if they are supported by force.

Several "contra" commanders who support Calero have requested the removal of Bermudez and his military staff under the allegation that they are former Somozist guards, have never been on the battlefield, are corrupt, and they want to install a regime in Nicaragua similar to the one headed by Anastasio Somoza.

Two men were wounded last Sunday when approximately 200 of Bermudez' men ambushed troops loyal to Calero. It is believed that there could be clashes among the "contras" in Honduran territory to settle their differences.

The Honduran Armed Forces, which openly support the "contras" without admitting it officially, have shown their support for Bermudez by expelling three "contra" commanders and four civilians who were on Calero's side.

The Honduran Army has remained totally silent regarding the "contra" presence in its territory and regarding the measures that could be adopted to prevent clashes between those groups, which could be harmful for the Honduran civilian population.

Nicaragua

RN Proposes 19-21 May for Government Talks

PA1205220988 Managua LA PRENSA in Spanish 10 May 88 pp 1, 12

[Unattributed article]

[Text] Today the Nicaraguan Resistance [RN] proposed 19-21 May as dates for the resumption of their negotiations with the Sandinist government. The observers have already been consulted about these dates, and both have given the rebel organization an affirmative response.

As of this morning, the RN had not received any reply from the Managuan government, but Directorate member Alfredo Cesar said the reply was expected at any moment.

The RN has also proposed to the Sandinists that the third meeting be held anywhere except in Managua, "unless there is a drastic change in the logistics experienced during the two previous occasions."

According to Cesar, the Directorate has not yet suggested a specific location, but Sapoa is being reconsidered, among several locations.

The RN Directorate also announced yesterday that for this third round of talks their delegation will not be headed by Dr Adolfo Calero, as had been the case in previous talks. However, the name of the new delegation chief was not revealed.

Borge Comments on Talks With YATAMA, Aid

PA1205221488 Managua Radio Sandino in Spanish 1930 GMT 11 May 88

[News conference held by Interior Minister Tomas Borge with unidentified reporters; date and place not given—recorded]

[Text] [Borge] As in all talks, these are full of contradictions. However some essential topics have been clarified. We have insisted that any political agreement should be signed in accordance with the Constitution and the laws of the country. No agreement that violates the law may be reached because political agreements should be in accordance with existing laws. This is an aspect of the problem that has been discussed.

I think the most important thing is to point out that both sides have agreed that the International Red Cross should distribute the necessary humanitarian aid to all those who have been involved in the war in the Atlantic coast region. In this regard, the government and the YATAMA [Miskito, Sumu, and Rama Indians and Creole groups organization] separately agreed to have the International Red Cross be the only organization in charge of distributing the aid.

[Reporter] Has any date been set?

[Borge] No, a formal request must be made as soon as possible. The decision, which was made today, is the most important thing.

[Reporter] What has been the reaction to the proposal presented by the government? We have learned they have rejected it.

[Borge] It is still being discussed. Of course there are proposals and counterproposals. The matter is being discussed. We cannot say they have rejected it. We can say there have been discussions of the proposals. However, we both agreed that the International Red Cross should be in charge of distributing the resources that are to be received by those who have been involved in the war in the Atlantic coast.

[Reporter] Are you talking about the aid included in the budget approved by the U.S. Congress following the Sapoa agreement, Commander?

[Borge] How can I explain it—I am talking about any type of aid.

[Reporter] Is there any possibility the talks may end today?

[Borge] I do not believe they will end today. It seems to me they will not end today. I do not think so.

[Reporter] What has been the spirit of both sides in the talks? Has it been like yesterday? Have they been friendly talks?

[Borge] Well, I believe they have been cordial talks. There have not been any conflicts. Each party has used appropriate, respectful language, without shouting. It has been a cordial meeting.

[Reporter] Is there any possibility that YATAMA elements may join the political life in the country following these talks?

[Borge] That is what we expect.

[Reporter] Commander, it is believed that 95 percent of the rebels in the Atlantic coast region have laid down their weapons. Can you tell us how many have done so?

[Borge] I believe that all communities in the Atlantic coast region overwhelmingly support a peaceful solution; they want peace, and a large majority of those who may have been involved in the war at one time or another have laid their weapons and have joined the peace process in the Atlantic coast.

[Reporter] Could you tell us how many of them there are?

[Borge] It is very difficult to say how many have done so, but I would say almost all.

[Reporter] There is something we have not talked about yet. Will the people in Honduras need to return to Nicaragua to receive the aid?

[Borge] The people in Honduran territory have been returning. Thousands of refugees in Honduras who have been harassed by the Honduran Government wish to return to their country. At this time it is estimated that there are about 8,000 refugees who have said that they want to return to Nicaragua. Rather, they have all said they are willing to return, but at least 8,000 of them are ready to return to our country.

[Reporter] What channels are being used for their return?

[Borge] The UNHCR [UN High Commissioner for Refugees].

[Reporter] Do you believe it is necessary to draft a new autonomy law, if one takes into account that many of the people in the Atlantic coast did not participate in the process [to discuss the autonomy law].

[Borge] The majority of the people in the Atlantic coast participated in the process. However, we are open to the possibility of reforms through the appropriate legal means as long as it benefits the people in the Atlantic coast region.

[Reporter] Could U.S. policy adversely affect these talks?

[Borge] Well, if it were up to the United States, no talks would take place and no agreement would be reached. Maybe no agreement will be reached if Mr Reagan's heavenly bodies do not want it. Hopefully, the heavenly bodies will line up in the proper position.

Ortega Voices Support for Guatemala's Cerezo

PA1205221688 Managua Domestic Service in Spanish 0300 GMT 12 May 88

[Text] Today Nicaraguan President Daniel Ortega met [as heard] with his Guatemalan counterpart, Vinicio Cerezo, to express the Nicaraguan Government's support in view of this morning's events that threatened Cerezo's government. After thanking President Ortega for his support, Cerezo said the situation is under control.

Electricity Rationing Plan Put Into Effect

PA1205222388 Managua Domestic Service in Spanish 1810 GMT 12 May 88

[Text] Today the Nicaraguan Institute of Energy [INE] placed into effect the electricity rationing plan at level one, which means 3 hours of outages in the morning and 2 hours in the afternoon. The electricity rationing is going into effect because yesterday afternoon one of the boilers of the Nicaragua plant's unit No 1 was damaged. As a result of the damage, the Nicaragua plant produced less than 50,000 kW, and the No 1 Patricio Arguello Ryan plant reduced its production from 30,000 to 18,000 kW.

According to the INE Public Relations Office, the problem will be resolved by 14 May, and electricity service will return to normal. The energy rationing went into effect at 0800 today.

PDRY's Al-Bid Comments on Results of Visit

LD1205213288 Aden Domestic Service in Arabic 1900 GMT 12 May 88

[Text] Today Brother 'Ali Salim al-Bid, secretary general of the YSP [Yemeni Socialist Party] Central Committee, and his delegation concluded their official visit to Nicaragua. Brother 'Ali Salim al-Bid issued a press statement in which he said: Our visit to Nicaragua gave us an opportunity to meet the comrade leaders of the Sandinist revolution, including Comrade Daniel Ortega, coordinator of the Executive Committee of the National Command of the Sandinist National Liberation Front, FSLN, and president of the Republic of Nicaragua, and to hear from them of the conditions in Nicaragua and the hostile operations against them by the United States and the forces opposing the revolution.

This visit also gave us the opportunity to express the solidarity of the YSP and the PDRY [People's Democratic Republic of Yemen] people with the Sandinist revolution and with the heroic Nicaraguan people. We exchanged views with the leaders of the revolution on a number of issues of interest to the two friendly peoples and countries, in particular exchange of struggle experience and coordination of solidarity policies and stances of the Yemeni and Nicaraguan revolutions.

It is important that I record my appreciation for the high level of understanding between us and the comrade leaders of Nicaragua, which derives from the unity of objectives of the two revolutions and the similarity of their tasks and issues.

It is also important for me to reaffirm our support for the peaceful policy adopted by the revolutionary Government of Nicaragua and our assistance to it. I believe that this policy is wise in that it has made the United States and its hostile stance against Nicaragua the object of mockery and condemnation in international society, since Nicaragua has blocked all the U.S. Administration's attempts to interfere in the internal affairs of Nicaragua.

Panama

Noriega Comments on U.S. Negotiations

PA1205150188 Panama City CRITICA in Spanish 12 May 88 pp 1, 11

[Article by Luis Carlos Perez]

[Text] Dignity and sovereignty are not negotiable. General Manuel Antonio Noriega, who was in the interior of Panama last night, told CRITICA that "there cannot be, and will not be, any arrangement if the aggression against Panama and the plans for dismantling popular forces are among Elliott Abrams' operational orders."

On going to press, CRITICA established contact with Commander Noriega, who said, "The latest cables show the confusion and the confrontation of the volumes of ignorance about the men and the peoples of Latin America, who have already said enough to colonialism." [sentence as published]

It is also known that here in Panama a personal mission sent by President Ronald Reagan, headed by Michael Kozak, is trying to resolve the Panamanian crisis and in this regard has held meetings with Panamanian Government and political party members, including Dr Romulo Escobar Bethancourt.

Yesterday U.S. media reported the existence of an agreement under which General Noriega would immediately relinquish command of the Defense Forces and later he would leave the country. These reports are part of a plot to eliminate Michael Kozak, a prominent young lawyer who has been very successful since the time of the Torrijos-Carter Treaties when he negotiated with Dr Romulo Escobar Bethancourt and who is currently negotiating the frequencies problem with Cuba, but who has earned envy within his organization from old State Department structures.

News Director Denies Noriega Talks Remarks

PA1205185788 Panama City Televisora Nacional in Spanish 1817 GMT 12 May 88

[Text] Out of respect for the public and in the face of the disinformation campaign organized against our country, our news director, Julio Ortega C., publicly denies an AFP report on statements attributed to him concerning conversations between President Reagan and General Manuel Antonio Noriega.

Our news director clarifies that he has not given any statements to any AFP correspondent or any other correspondent, as he is not authorized to do so. The only reports on this subject were given to our viewers in an objective manner during yesterday's newscasts.

Our director general [as heard], Julio Ortega C., charges the AFP correspondent has quoted him in an irresponsible and false manner in a news item, without even having talked with him. The ill-intended manner with which the information was handled clearly uncovers the disinformation campaign against our country and against the Panamanians who are defending our national sovereignty and territory at all costs.

Envoy Says Panama Wants Top-Level Agreement

PA1205202288 Paris AFP in Spanish 1846 GMT 11 May 88

[By Roberto Rodriguez]

[Text] Panama City, 11 May (AFP)—An official source has told AFP that the Panamanian Government informed the United States that to overcome the differences between the two countries, a U.S. commitment "at the highest level with bipartisan participation" is needed.

The Panamanian Government has also asked Washington "to rebuild what it has destroyed" during these months of economic crisis and especially over the past 60 days in the wake of the U.S. sanctions against Panama. These sanctions are severely hurting the nation.

In an exclusive interview with AFP, Aquilino Boyd, Panamanian ambassador to Washington, said that it is "essential for the United States and Panama to hold talks on how to reach an agreement." The White House does not recognize him as Panama's ambassador because it still regards deposed President Eric Arturo Delvalle as the Panamanian president.

However, Boyd said, Panama stressed to the U.S. Administration that any conversation on relations between the two countries must be "at the highest level and with bipartisan participation" so as to ensure "its validity" in the likelihood of a change of power.

State Department envoy Michael Kozak has been negotiating an agreement with the Panamanian Government and the Panamanian Defense Forces' commander in chief in recent weeks. However, no agreement has been reached so far.

Boyd felt that the U.S. envoy has a "fourth- or third-" level ranking in the hierarchy of the U.S. Administration. Nevertheless, he acknowledged that "talks with him are positive."

At any rate, the diplomat reiterated that a solution to the Panamanian domestic crisis is a Panamanian matter. The crisis has been raging as a strong confrontation between the opposition and the government for the past 11 months.

Meanwhile, relations between the United States and Panama continue at "their lowest level." The Reagan administration does not recognize President Manuel Solis Palma. The Panamanian National Assembly appointed Solis Palma following Delvalle's ouster.

Since that time, Delvalle has allegedly been hiding on a U.S. military base along the banks of the Panama Canal. He is hopeful that the political situation will be settled in his favor with the aid of the United States.

Boyd, who has previously served as an ambassador in Washington, said it is in the interest of the United States to prevent a military intervention and to end the economic strangulation "it has subjected us to without reaching its goals."

The diplomat added that the talks must lead to "reconciliation and free elections" in 1989.

During an extraordinary session of the SELA in mid-March, the Panamanian Government pledged before 25 countries "to democratize the country," Boyd remarked.

He accused the United States of "taking political advantage" of the Panamanian crisis in the midst of the U.S. electoral campaign.

"We want to live under a democratic system. However, the United States must make the reparations it owes us because of the economic sanctions, political attacks, and military threats," Boyd added.

The top official defended General Noriega. He said that the attacks against the officer "are nothing but a calculated and premeditated plan by the United States to destroy Panama's service economy system."

"The United States wishes a docile and weak government that would reach an agreement with it on new defense sites before the year 2000, whereby the United States can interpret the 1977 treaties at will and to its own advantage," the diplomat concluded. He was referring to the Torrijos-Carter Treaties, which stipulate the full return of the Panama Canal to Panama at the end of the century.

PALA Leader on Talks With U.S. Envoy Kozak

PA1305010988 Panama City Telemetro Television in Spanish 2300 GMT 12 May 88

[Text] The talks that Ramon Sieiro, leader of PALA [Labor Party], has been holding as the mediator in the Noriega case with Michael Kozak, President Reagan's

envoy, went as far as they could, and now he is not participating in them. The PALA secretary general said the party is not participating in the talks discussing Noriega.

[Begin recording] [Sieiro] Yes, these talks went as far as they could. [I gave] a very clear position of how the party sees our country's domestic and foreign affairs, but at this time we are not participating in the current negotiations.

[Reporter] What is your opinion of the latest formula submitted by Reagan's government to allow General Noriega to step down, leave the country for a time, and return after the elections?

[Sieiro] I believe Panama does not think this is very clear. The Constitution states that Panamanians may live in their country if they want to. Therefore, I believe that this is another case of Mr Reagan's interfering in Panama's internal affairs.

[Reporter] Then what is the most appropriate way to resolve this national crisis?

[Sieiro] We believe that on domestic affairs we must all cooperate to improve the economy. To overcome this, the Defense Forces should explain the law that regulates the Defense Forces. What we [not further identified] want, which is also PALA's desire, is to participate in elections. I want to take this opportunity to tell you that today we sent a communique to provincial, district, and corregimiento leaders giving them a 30 August deadline to submit lists of precandidates for corregimientos, provinces, district mayors, and other positions. That is, the PALA is in full swing for the elections from this date forward. This is one of the solutions for our country, to hold elections in which the votes are counted honestly. [end recording]

Foreign Ministry Official on U.S. Relations

PA1305033688 Panama City Televisora Nacional in Spanish 0000 GMT 13 May 88

[Report by Luis Vasquez and Rene Almendral]

[Text] Today Acting Foreign Affairs Minister Jose Maria Cabrera said that the detour of a Panamanian civilian airplane by U.S. Ambassador in Panama Arthur Davis on Sunday violates national flight rules. Cabrera, referring to the plane's detour from the Marcos Gelabert Airport in Paitilla to Howard Air Force Base, said this violates Civil Aeronautics Directorate regulations, in effect since 1986, dealing with civilian overflights of military areas. The acting foreign minister stressed that the protest has been made through the appropriate channels—in this case the Joint Defense Committee. Cabrera said if the matter is not clarified then the protest will be made through diplomatic channels.

Regarding reports of excessive personnel in embassies accredited in Panama, Cabrera said that of all embassies, the disproportionate number of officers at the U.S. Embassy is noticeable. Cabrera added that once Panamanian-United States relations are normalized, both sides will have to analyze this situation.

Finally, Minister Cabrera reiterated Panama's decision to close its consulates in U.S. cities.

[Begin Cabrera recording] We have been able to verify an existing situation: the harassment, hounding, and cancellation of consular recognition to Panamanian Government representatives by the State Department in several U.S. cities where Panamanian consulates operate or operated. Through the actions of Mr Juan B. Sosa, with the backing of the State Department, there has been a substitution of the legitimate Panamanian Government representatives by people who have been entrusted with these offices by Mr Sosa. This, plus the freezing of Panamanian funds and the control over these funds the U.S. Government has given to the false Panamanian representatives in the United States, has forced us to temporarily close those consular missions until the crisis between both our countries is overcome. [end recording]

'Suspicious' U.S. Helicopters Reported in Colon

PA1205221888 Panama City CRITICA in Spanish 12 May 88 pp 1, 11

[Article by Carlos J. Nunez L.]

[Text] The peasants living near the mouth of the Indio River, Giral, and Gatuncillo in Colon Province have reported the suspicious presence of heavy U.S. Army helicopters that flew at low altitudes and endangered their crops and cattle. This is another violation of the Panama Canal "Torrijos-Carter" Treaties.

This occurred last night, Wednesday, at about 1900 when the peasant families get together and chat. The loud noises produced by flares and other live ammunition explosions scared the residents.

The (twin propeller) "Hawk" [as published] heavy helicopters of the U.S. Army flew over Bruja Point or Brujas Islands close to the [Fort] Sherman perimeter, over Pedro Point or Cedro Island near the mouth of the Indio River, and over Buenavista area on Giral and Gatuncillo.

Area residents said that there are secret landing strips for these helicopters.

Assembly Summons Officials on Human Rights

PA1205220688 Panama City LA ESTRELLA DE PANAMA in Spanish 12 May 88 pp 1, A-2

[Text] With a vote of 30 in favor, 1 against, and 8 abstentions, last night the Legislative Assembly approved a change in the agenda to present a draft

questionnaire prepared by Legislator Rigoberto Paredes to be used when Government and Justice Minister Rodolfo Chiari de Leon and Attorney General Carlos Alberto Villalaz are summoned by the Legislative Assembly in the near future.

Legislator Rigoberto Paredes drafted a six-point questionnaire, which he read to the Assembly plenum. It is based on the following points:

1. How many political prisoners are there in Panamanian jails?

2. How many Panamanian politicians have been sent into exile during the past year?

3. How many people and what are their names of those currently facing charges for plotting against the nation's security and internal stability?

4. Why are several media sources closed?

5. How many cases involving violations of human rights have been reported?

6. What is the basis for the Defense Forces' defense of the state's stability?

Legislator Rigoberto Paredes explained that he had proposed the summoning of the government and justice minister and of the attorney general because he would like to clear any doubts that may exist concerning the reports of violations of human rights.

"We want to hear what norms have been violated," Paredes said in his draft questionnaire. Why are several local media sources closed? he added.

In explaining his favorable vote to the draft presented by Paredes, Guillermo Cochez [Christian Democratic Party, PDC, legislator] said: "I believe that neither the attorney general nor the government and justice minister will come to this chamber." In that manner, Cochez expressed his doubts regarding the summoning of the two senior government officials.

Meanwhile, opposition [PDC] Legislator Raul Ossa asked both the opposition and progovernment legislators to approve the draft document. However, he added: "I question the sincerity of Legislator Paredes' proposal."

[PDC] Legislators Bertilo Mejia and Carlos Arellano Lennox protested the manner in which Alberto Aleman Boyd, the Legislative Assembly's president, gave the floor to his progovernment colleagues.

Last night, after a heated debate, the Assembly approved the summoning of the government and justice minister and the attorney general by 27 votes in favor, 12 against, and 5 abstentions. The debates on this controversial bill will continue today in the Legislative Assembly.

Paredes Comments

PA1305044888 Panama City Telemetro Television in Spanish 2300 GMT 12 May 88

[Text] [Democratic Revolutionary Party] Legislator Rigoberto Paredes has explained that the idea of inviting the attorney general and the government and justice minister to the Legislative Assembly is to have them clear up international reports on the situation in Panama.

[Begin Paredes recording] What we want is for these two important officials to explain here at the Assembly everything about the stories that the opposition is trying to drum up by saying that the situation in Panama is comparable to that of countries where there are flagrant violations of human rights. The opposition says, for example, that in Panama hundreds of people are in prison for political reasons and that this government has exiled many people.

The opposition attributes the closing of some media to violations of the freedom of expression, but we know that media enterprises and their representatives are facing legal actions for having violated Panamanian laws.

The best thing that can happen is for these two gentlemen to come to the Assembly and explain all this to the legislators and to the whole country. Legislators from both sides will ask them many questions, and I think this will be the best way to clear up things. Too many lies are being told and too much twisted information is going abroad.

I believe they will go to the Legislative Assembly. I think they should. If I were in their shoes I would because I am certain that I would come out brilliantly. I do not know what reasons they could have for not coming. [end recording]

Draft Bill Bans Legal Action Against Debtors

PA1205221288 Panama City LA ESTRELLA DE PANAMA in Spanish 11 May 88 pp A-1, A-2

[Draft bill presented to the Legislative Assembly by the Trade, Industries, and Economic Affairs Committee; date not given]

[Text] Law No [number not given]

[Date not given] of May 1988

By which temporary measures are adopted banning all legal actions on payments due on all loan and finance operations, purchases made on credit, rent, and public services.

The Legislative Assembly decrees:

Article 1: All legal actions to demand payments due as of 1 March 1988 are temporarily suspended for 180 days as of the date of implementation of this law.

Article 2: All legal actions to demand payment for public service bills (water, power, telephone) past due less than 90 days are also banned.

Article 3: During the period established by this law, all legal actions to demand rent payment owed as of 1 March 1988, or to dislodge a resident for not paying rent, are banned.

Article 4: During the period established by this law, the parties involved must reach an acceptable understanding that, among others, will include the following solutions:

a. Make total or partial payments of amounts due.

b. Negotiate and reach agreements so the plans to make payments can be more in agreement with the debtor's capacity to pay.

c. Renegotiate the obligation even if this makes it necessary to extend the payment periods.

Article 5: The balances in arrears this bill refers to will not result in surcharges, fines, or other charges that can represent penalties.

Article 6: This draft bill is declared of social interest, is retroactive, and will be applied immediately in every aspect contemplated by this bill.

Article 7: This bill will enter into force as of the date of its promulgation.

This bill has been presented for discussion at the Legislative Assembly today, [date not given] May 1988 by the Trade, Industries, and Economic Affairs Commission.

Ovidio Diaz, President; David Arce, Vice President; Martin Serrano, Secretary; Hugo Torrijos, member; Eben Chi Rodriguez, member; Virgilio Saenz, member; Arturo Vallarino, member; Tomas Guerra, member; Carlos Arellano Lennox, member

Bill To Protect Locally Produced Goods Presented

PA1205010588 Panama City LA ESTRELLA DE PANAMA in Spanish 11 May 88 pp A-1, A-2

[Draft bill presented to the Legislative Assembly by the Trade, Industries, and Economic Affairs Committee on 10 May]

[Text] Law No [number not given]

Forbidding the import of agricultural, livestock, agroindustrial, and industrial products that are produced locally.

The Legislative Assembly decrees:

Article 1: This law bans the import of agricultural, livestock, agroindustrial, industrial, and other locally produced products used for consumption; and the processing of other industrial products.

Article 2: This ban also affects bilateral agreements with Central American countries, specifically products that are produced locally and are imported, not exported, in those cases where the trade balance is disadvantageous to Panama. The prohibition also applies to the Colon Free Zone.

Article 3: The abovementioned ban affects all by-products, which cannot be imported for the duration of the current national emergency.

Article 4: All the products that cannot be imported because of this law will be widely publicized so both importers and consumers will be fully aware of the products involved.

Article 5: Once this law is implemented, all imports from any country of the world will have to be previously reported to the Industries Directorate of the Commerce and Industries Ministry or to the Agricultural Development Ministry, as the case may be, to obtain the corresponding permit. Products that are not produced locally are exempt from this provision.

Article 6: Popular action will be established to verify the compliance of this national security, law and a reward of 30 percent [not further specified] will be granted to those who report and provide proof of any violation of this law.

Article 7: This ban will last for 8 months from the date the law is promulgated. Anyone who violates this law through contraband will be subject to fines of up to 100 times the value of the confiscated products.

Article 8: This law will go into effect as soon as it is promulgated.

Presented to the consideration of the Legislative Assembly today, 10 May 1988, by the Trade, Industries, and Economic Affairs Committee.

Ovidio Diaz, President; David Arce, Vice President; Martin Serrano, Secretary; Virgilio Saenz, member; Eben Chi Rodriguez, member; Hugo Torrijos, member; Carlos Arellano Lennox, member; Tomas Guerra, member

Economy Declining; Unemployment Rising

PA1305011388 Paris AFP in Spanish 1910 GMT 12 May 88

[Excerpts] Panama City, 12 May (AFP)—The Panamanian economy, which grew 2.9 percent in 1987, will decrease about 20 percent this year with serious consequences to trade, industry, tourism, hotels, construction, and employment in this country of more than 2 million inhabitants. [passage omitted]

The construction industry, which employs some 775,000 temporary and permanent workers each year, is totally paralyzed. Some 300 industries are working at about 40 percent of their capacity as result of the lack of currency and a drop in demand. [passage omitted]

Some 400 workers are being dismissed each week in Panama, and unemployment could reach 30 percent this year, according to estimates by government economists.

Of a construction work force of 750,000, about 14 percent were unemployed and 8 percent underemployed before the start of the crisis.

Business sources, mostly antigovernment, said that some 30,000 Panamanians have lost their jobs in the 11 months of political conflict.

Finance and Treasury Minister Orville Goodin told AFP that "the economic decline based on U.S. economic sanctions will bring about unemployment, hunger, and crime."

"Panama will have to learn to live with what it has," added Goodin, recalling that government income is frozen by the United States at this moment as part of the economic sanctions to try and oust "strongman" Manuel Antonio Noriega as head of the army. [passage omitted]

An official report, handed to SELA, states that $1.4 billion that should have come into Panama this year was affected by the freezing of U.S. funds, the restriction of canal toll payments, and the prohibition of about 300 U.S. businesses to pay their taxes to the Panamanian Government.

This week, the country's 20 main hotels proposed to President Manuel Solis Palma a barter system that would allow them to pay their water, electricity, and telephone bills—considering that tourism has declined and the occupation rate only reaches 25 percent at best. [passage omitted]

Goodin, who refused to comment on the future of the 150,000 government workers, said: "We have won the stage of low-intensity hot warfare, and we are going to face the cold intensity of economic strangulation." [passage omitted]

Labor Minister Comments

PA1205155988 Panama City Televisora Nacional in Spanish 0300 GMT 12 May 88

["The Day's Most Important Interview" segment]

[Excerpts] [Reporter] Here with us tonight is Labor and Social Welfare Minister Cesar Martans. Mr Minister, can you give us figures on the number of resignations, dismissals, and mutually agreed upon deals between employers and employees that have occurred due to the crisis in the country?

[Martans] Yes. As regards dismissals, our statistics center indicates that there have been 2,558 dismissals. [passage omitted]

As regards resignations, the ministry's figures indicate that there were 3,623 resignations from January to April. Moreover, 3,395 of these resignations have been submitted based on Article 222 of the Labor Code. This article mentions the employee's desire to resign from his job. We also understand that in these very special cases we can refer to them as nonvoluntary resignations because, deep down, that is what they are. This factor is the cause of the large number of resignations we have seen at present.

Briefs

1st Quarter Export Figures

Luis Barletta, executive director of the Panamanian Foreign Trade Institute, has reported that Panamanian exports registered a positive balance during the 1st quarter of the year despite the severe U.S. sanctions. Barletta said that January-April exports totaled $110,275,517. It was also reported that Panama's trade with Central America produced a surplus of $1.5 million during the first 3 months of the year. Imports from Central America dropped $4 million during that period. [Summary] [*PA1205221188 Panama City Domestic Service in Spanish 1730 GMT 11 May 88*]

Argentina

Alfonsin Reaffirms Support for Guatemala

PY1305010488 Buenos Aires TELAM in Spanish 2354 GMT 12 May 88

[Text] Mexico, 12 May [TELAM-EFE]—Argentina and Guatemala will maintain strong relations despite the problems that this Caribbean country is facing, Argentine President Raul Alfonsin said today in Acapulco, a Mexican seaport.

During a brief stopover on his way to the PRC, the Argentine chief executive stated that relations between his country and Guatemala, where an attempted coup d'etat took place yesterday, will remain "strong."

Alfonsin Comments on Trade, Relations With PRC

PY1205153188 Buenos Aires TELAM in Spanish 2307 GMT 11 May 88

[Text] Buenos Aires, 11 May (TELAM)—President Raul Alfonsin has said that bilateral relations between Argentina and the PRC are very good, even though there is always room for improvement. He expressed hope that his trip will strengthen these relations by increasing trade.

Shortly before departing on his 3-day visit to the PRC, the president said: Argentina can obtain interesting credits for capital goods and credits for the purchase of coal, oil, and sugar, even though this seems rather odd.

Speaking to the press at Ezeiza Airport after delegating the Presidency to Vice President Victor Martinez, Alfonsin said he is carrying a set of proposals that he hopes will be implemented. He then reiterated that relations with the PRC are very good.

Regarding bilateral exchange, Alfonsin said that the PRC will put a 500-hectare area at our disposal to stage an exhibition. We are going to show them all our technological achievements, our livestock, our seeds, and our machinery so they can have an idea of what we are capable of doing. This will be very important for the two countries, he stressed.

Alfonsin and his entourage then began the long flight to Beijing, which will include technical stopovers in Acapulco, (Mexico), Honolulu, and Nagasaki. They will arrive in Beijing at 0315 Argentine time on 13 May after a 34-hour trip.

Alfonsin's entourage includes Economy Minister Juan Sourrouille; Presidential Spokesman Jose Ignacio Lopez; Brigadier Ernesto Crespo, Air Force chief of general staff; Pablo Quiroga, secretary of the Export Committee; Juan Ciminari, secretary of the Foreign Commerce and Industry Committee; and Ernesto Figueras, secretary of the Agriculture, Livestock, and Fisheries Committee.

A 47-person delegation, mostly businessmen, will join Alfonsin in Beijing and remain in the PRC after his departure.

Businessmen Luis Pescarmona, Julio Worthein, Nicolas Caputo, Rafael Kohanoff, Carlos Bulgheroni, Carlos Tramutola, Manuel Madanes, Murat Eurnekian, Guillermo Alchorroun, Miguel Martinez Prieto, Jorge David, Jorge Born, Ricardo Grovenhorst, and Victor Garcia Laredo are among those participating.

Purchase of PRC Aircraft, Missiles Examined

PY1205211788 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2020 GMT 12 May 88

[Text] Buenos Aires, 12 May (NA)—Today reliable sources reported that the Argentine Armed Forces will probably purchase PRC-made fighter planes and "Silkworm" missiles to replace the materiel lost during the Malvinas war. This weaponry could not be acquired from Western powers due to the restrictions imposed by Great Britain on the sale of weapons to Argentina after the Malvinas war.

The aircraft, which are being tested by Argentine pilots in the PRC, are a "copy" of the U.S.-made Phantom. Each aircraft will cost $4 million.

The Argentine negotiators believe this to be a "very good" price because on the international market the Phantom costs $16 million.

Neither the Air Force nor the Navy have been able to replace the materiel lost during the war due to the restrictions on weapons sales imposed by Great Britain on its NATO allies.

Brigadier Ernesto Crespo, Air Force chief of staff, who is accompanying President Alfonsin on his trip to the PRC, stated recently in San Luis that the Air Force "has not been able to replace the materiel lost during the war because of the restrictions imposed by the Thatcher government."

Moreover, the Navy has been unable to bring into the country 14 fighter planes it has purchased from Israel. Maintenance for the planes costs the government $250,000 a year.

A high-level naval source indicated a few days ago that steps are being taken to be reimbursed for the money spent on those planes.

In March, four Argentine pilots traveled to the PRC to evaluate the possibilities of purchasing the M-F-7 for the Argentine Air Force. They also looked into buying missiles known as "Silkworms," which are similar to the Exocet missile and would cost a little over $100,000 each. Following the Malvinas war, the price of the Exocet on the international market rose to approximately $500,000.

Of the four pilots who went to the PRC, two have returned to report their findings to the Argentine Government. The other two are still in China.

It is felt that Crespo's presence in President Alfonsin's entourage is directly related to the possible deal involving the purchase of the PRC planes and the "Silkworm" missiles which, according to the sources, "have been successfully tested in combat."

The source did not reveal the country, currently involved in a regional war, that is using "Silkworm" missiles, but indicated that these missiles "have sunk a few ships."

During the recent visit to Argentina of Robert Pastorino, U.S. deputy assistant secretary of defense, Justicialist Party leaders warned him that if the United States was not prepared to sell planes to Argentina "we will have to seek out other suppliers, like the PRC."

The overtones about the purchase of planes and missiles paved the way for an inspection visit to a military industrial complex made up of 184 enterprises that employs 800,000 people.

Since technological differences between the PRC and the Western powers are substantial, PRC engineers are attempting to produce "replicas" of planes developed by other countries instead of developing their own models. Such is the case of the M-F-7 and the "Silkworm" missiles.

The only Latin American country that does not have planes manufactured by the United States is Peru, which uses planes supplied by the Soviet Union.

Iranian Ship Reportedly Loading War Materiel

PY1205225488 Buenos Aires CLARIN in Spanish 12 May 88 p 10

[Text] Rosario—It is rumored that war materiel is being loaded on a ship flying the Iranian flag at the private port of Wultrago, at the SOMISA plant, in the town of San Nicolas. Reportedly, the materiel will be shipped to Iran.

It has also been reported that the large ship "Alhoa" arrived at the Wultrago port on 7 May and began loading Argentine-made war meteriel on 9 May.

The cargo allegedly consists of infantry "coated" ["envuelta"] cartridges for 7.62-caliber projectiles, such as those used by NATO, and forged noses for long-distances artillery projectiles, in addition to a shipment of gunpowder.

The war materiel was probably manufactured at the Rio Tercero military plant located in Cordoba Province, and the military plants located in Avellaneda and Llavallol, both in Buenos Aires Province.

Antidrug Coordinating Commission Created

PY1205133088 Buenos Aires Domestic Service in Spanish 0200 GMT 12 May 88

[Text]The executive branch today issued a decree creating the National Drug Addiction and Trafficking Control Coordinating Commission. The decree also set forth that the formulation and implementation of policies to control trafficking, production, and addiction to drugs, chemicals, and narcotics is a priority national objective. President Raul Alfonsin will preside over the commission, whose executive board will be made up of the ministers of the interior, public health, and other officials.

Brazil

President Sarney, CSSR Premier Meet in Brasilia

PY1205134788 Brasilia Domestic Service in Portuguese 2200 GMT 11 May 88

[By correspondent Joao Pena from Planalto Palace]

[Text] President Jose Sarney today held his first working meeting with Czechoslovak Premier Lubomir Strougal who is making a 6-day visit to Brazil. This afternoon, President Jose Sarney held a 1-hour meeting at Planalto Palace with the Czechoslovak premier who is on an official visit to Brasilia. At the end of the meeting, President Sarney commented on his talks.

[Begin Sarney recording] We held a long talk on bilateral and multilateral issues as well as the political decision of the two governments to actually strengthen relations and increase cooperation. We have time-honored diplomatic ties, ties that were established 70 years ago. We now have the opportunity of receiving the Czechoslovak president [as heard], Lubomir Strougal, who is making an historic visit, his first to Latin America. [end recording]

According to President Sarney, the issues discussed included disarmament.

[Begin Sarney recording] We discussed disarmament. The nations must increasingly seek peace and find a way for the world to enjoy peace without arms. [end recording]

In his meeting with the journalists, President Sarney commented on an agreement he will sign tomorrow with the Czechoslovak premier.

[Begin Sarney recording] Tomorrow, we will sign a broad agreement that will transform [words indistinct] and whose goal is to reach a $1-billion trade exchange within 5 years. We will also have the pleasure of seeing an exibition of Czechoslovak industrial products in Sao Paulo. This fair will be opened by Premier Strougal. [end recording]

In about 1 and 1/2 hours, President Sarney will host a dinner for Premier Strougal at Itamaraty. Tomorrow at 1130, the two presidents [as heard] will again meet at Planalto Palace to sign various agreements.

Sarney Signs Regulation on Software Law

PY1305011188 Brasilia Domestic Service in Portuguese 2200 GMT 12 May 88

[By correspondent Joao Pena from Planalto Palace]

[Text] President Jose Sarney today signed the regulation of the Software [preceding word in English] Law, which protects the copyright of computer programs and their marketing. This regulation will put an end to piracy in software marketing in Brazil.

In a news conference, Science and Technology Minister Luiz Henrique highlighted some points of the regulation:

[Begin recording] As I have just said, the regulation merely involves a clarification of the law. What the regulation intends to do is just that, unravel the law, make it more clear and transparent.

For example, the criteria of similarity [between domestic-made and foreign-made computer programs] has been unraveled in such a way that it can no longer be said that the similarity analysis conducted by the SEI [Special Secretariat for Information Science] is not completely transparent.

Elsewhere, the regulation establishes different agencies for software registration.

Computer programs will be registered at the National Copyright Council, a Culture Ministry agency. The technology transfers of foreign-made software for domestic companies will be registered at the National Institute of Industrial Property, an Industry and Commerce Ministry agency. The registration of software will be conducted at the SEI, a Science and Technology Ministry agency. [end recording]

In Minister Henrique's opinion, after the implementation of this regulation there will no longer be any reason for the United States to impose trade restrictions.

'Council' To Fight for 5-Year Term for Sarney

PY1205134288 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 May 88 p 4

[Excerpts] The so-called "council of the 5 years," which is presided over by President Jose Sarney and which is made up of ministers, presidential advisers, and congressional leaders, is confident that the Matheus Iensen amendment establishing a 5-year term for Sarney will be approved. Between 310 and 315 votes have reportedly been secured. During a meeting at Planalto Palace yesterday, the "council" decided to try to extend Sarney's term until 15 March 1990, when his successor would take over, after having been elected on 15 November 1989. [passage omitted]

The "council" meeting yesterday was attended by Ministers Prisco Viana, Jader Barbalho, Hugo Napoleao, Iris Resende, and Costa Couto, and by leaders Saldanha Derzi, Carlos Sant'Anna, and Jose Lourenco. [passage omitted]

The meeting was also attended by advisers Thales Ramalho and Henrique Hargreaves. [passage omitted]

PMDB Postpones Convention; Secretary Resigns

PY1205035388 Rio de Janeiro Rede Globo Television in Portuguese 2255 GMT 11 May 88

[Text] The PMDB National Executive Board has decided to postpone the convention that will address the party's internal problems. The convention, which was scheduled for 5 June, was postponed until 21 August. Nine out of the 11 members of the National Executive Board agreed with Ulysses Guimaraes and voted for the postponement. Only PMDB Senate leader Fernando Henrique and Deputy Francisco Pinto, from Bahia State, voted against the delay. Unhappy about the delay, Deputy Euclides Scalco, of a splinter PMDB group, resigned from his position as PMDB first secretary.

[Begin Scalco recording] I have tendered my resignation because I cannot agree to so many successive postponements of the convention that will decide the PMDB's situation. [end recording]

[Begin Ulysses Guimaraes recording] Most members of the Excecutive Board understood very well that the conventions to designate mayors and the final works of the Constituent Assembly would make it imposaible to hold the convention on 5 June. The convention then had to be postponed until 21 August so that the dates did not coincide. [end recording]

The decision to postpone the convention is part of Deputy Ulysses Guimaraes' political strategy to prevent a further split within the PMDB. He expects that by postponing the convention he can also postpone the dispute between the two main groups within the party: the group of governors, who control most of the directorates; and that of the dissidents or historicals, who are led by Senator Mario Covas. Also part of Guimaraes' strategy is to prevent the new parties that are not properly registered from taking part in this years' municipal elections. If the dissidents cannot take part in the elections with new parties, then they will think twice before leaving the PMDB.

Land Reform Not To Affect Productive Land

PY1205135988 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 May 88 p 1

[Excerpt] The Constituent Assembly yesterday decided that there will be land reform in Brazil, but productive land may not be expropriated. The group led by Senator Mario Covas (PMDB, Sao Paulo) failed to obtain the 280 votes needed to sustain the proposal of coordinator Bernardo Cabral which called for expropriation of land that is not fulfilling a "social function." Covas obtained the support of 267 members, while 253 voted against his proposal and 11 abstained. [passage omitted]

Chile

Defense Minister Denies Arms Sales to Contras

PY1205123788 Santiago Domestic Service in Spanish 2300 GMT 11 May 88

[Text] Chilean Defense Minister Rear Admiral Patricio Carvajal has denied a report published by the U.S. weekly THE NATION that the Chilean Armed Forces sold weapons to the Nicaraguan contras. In an official statement, Carvajal said: Regarding a news item received from New York and published by the Chilean press on 11 May 1988 under the headline "Sale of Weapons to Contras," we want to state that:

1. The middlemen allegedly hired by Lieutenant Colonel Oliver North of the U.S. Marine Corps to purchase antiaircraft rockets and other weapons did not buy anything from Chile.

2. Because of contractual commitments and high ethical standards, the national defense institutions must first obtain authorization from the suppliers to sell these weapons to third parties. These sales can be useful in disposing of ammunition or replenishing some materiel.

3. The article also reveals that middlemen, all of them civilians engaged in the buying and selling of used weapons, were involved in the attempt to buy weapons in Chile. These middlemen usually keep the destination of these weapons secret. In fact, the alleged sale of Chilean weapons to the contras never occurred.

By virtue of a high code of ethics, no government official or military officer could have been involved in any way in what the U.S. press has called the Irangate affair.

Interior Ministry Refutes Aylwin Statements

PY1205144688 Santiago Domestic Service in Spanish 1030 GMT 12 May 88

[Text] Interior Ministry legal adviser Carlos Goni Garrido has issued a public declaration regarding a recent statement by Christian Democratic Party [PDC] President Patricio Aylwin in the United States.

It is public knowledge that Aylwin distorted facts about the Chilean economic situation and attacked the new institutional order with groundless arguments.

The document released by Goni Garrido states that the PDC leader told foreign officials that, according to the new institutional order, the president of the Republic arbitrarily appoints nine senators.

Carlos Goni then states that only two senators are appointed by the president of the Republic, who will choose them from a limited number of people meeting the requirements established by the Constitution.

The declaration says that Aylwin charged that President Pinochet has broad powers to appoint the leadership of the other Armed Forces, which is also untrue.

These two examples prove that there are people who criticize the Constitution to the point of distorting it completely.

The declaration ends by stating that it is quite likely that the bewilderment of the foreign circles is not caused by Patricio Aylwin's statement but rather by the damage that Chileans, themselves, inflict on their own country when driven by political passions.

Air Force Officer Injured by Rioters

PY1305035788 Santiago Radio Chilena Network in Spanish 2300 GMT 12 May 88

[Text] The Chilean Air Force [FACh] has reported that a FACh officer was injured at the Quilin traffic circle when his vehicle was stoned by rioters. As a result, the FACh officer suffered a head injury.

This information was released by the FACh Public Relations Department through a communique, which reads as follows:

FACh Wing Captain Sergio Arancibia Cifuentes was driving his vehicle on Americo Vespucio Avenue near the Quilin traffic circle when he was hit by a stone thrown by rioters. As a result, Capt Arancibia was hospitalized at the FACh hospital with a serious head injury.

The FACh has reported this action to the FACh court in order to legally establish the identity of the people involved and to bring them to justice.

The official communique is signed by Commander Pablo Ortega, the FACh Public Relations and Press Department chief.

Attorney Representing U.S. on Letelier Case

PY1305034888 Santiago Radio Chilena Network in Spanish 2300 GMT 12 May 88

[Text] Attorney Alfredo Etcheverry, the attorney representing the U.S. Government in the proceedings involving investigations into the killing of former Foreign Minister Orlando Letelier, has said that the answers given by General Hector Orozco may prompt new rogatory letters in order for Orozco to clarify and expand his answers.

The U.S. Government sent a rogatory letter to the Chilean courts, asking Gen Hector Orozco to answer several questions on his role as ad hoc prosecutor in a case involving passport forgeries, a case that has been temporarily stayed.

Of the 200 questions asked to the retired Chilean general, the Supreme Court admitted only 12 of them. The questions were posed by Judge Barrington Parker.

Nevertheless, attorney Etcheverry said that the investigations cannot be considered closed because theoretically Gen Orozco may be asked to clarify his answers, a so-called cross-examination. However, as everything is being done in writing, this would involve a considerable delay, the attorney said.

Referring to Gen Orozco's answers, Etcheverry said that he noted a few answers in which Gen Orozco says he was merely investigating passport forgeries. This answer contradicts another answer in which he admits that he was investigating the killing of the former foreign minister.

In conclusion, the attorney said that answers essential to this case remain unanswered as a result of the rejection of questions considered to be in violation of national sovereignty.

Colombia

ELN Releases Last Hostages in Barrancabermeja

PA1205224188 Paris AFP in Spanish 2152 GMT 12 May 88

[Text] Barrancabermeja, Colombia, 12 May (AFP)—FRG Consul Siegfried Markert and Colombian Deputy Dario Parra, kidnapped by the rebel ELN [Army of National Liberation] on 3 May, were released today in this petroleum center.

Relatives of both officials and local newmen confirmed that both officials turned up near the municipal cemetery at approximately 2130 GMT.

This ends the pro-Castro ELN's holding of 15 foreign and domestic officials, who were held to call world attention to Colombia's human rights situation and to demand that the petroleum industry be nationalized.

Paraguay

Papal 'Astonishment' Over Meeting Suspension

PY1205142188 Buenos Aires TELAM in Spanish 1350 GMT 12 May 88

[By a special correspondent]

[Text] Sucre, Bolivia, 12 May (TELAM)—Joaquin Navarro Valls, the Vatican's press spokesman, has expressed the astonishment that has been caused in the entourage accompanying Pope John Paul II by the decision of Alfredo Stroessner's Paraguayan regime to suspend the meeting with that country's builders of society.

In a brief statement to the press at this city's Municipal Hotel, Navarro Valls, a Spaniard, said: For the time being I must clearly express the astonishment that has been caused by a decision that has no precedent in the Holy Father's pastoral mission.

The democratic opposition to Stroessner's regime and other Paraguayan civilian sectors were going to participate in the pope's meeting with the builders of society.

PLRA Leaders Laino, Caballero Arrested

PY1205223788 Asuncion ULTIMA HORA in Spanish 12 May 88 p 55

[Text] Luis Guanes Gondra reported this morning that: "We have information to the effect that Domingo Laino and Carlos Caballero Roys of the Authentic Radical Liberal Party [PLRA] have been arrested in Horqueta, a village in Concepcion Department."

He added: "The two leaders were part of a PLRA delegation that was going to participate in a peasant march organized by the Horqueta PLRA committee with the help of other committees of Concepcion Department. The march was scheduled to take place today."

Guanes said: "We were told that Laino and Caballero were arrested at 1030 today. According to the telephone call we received, the two are being held at the offices of the government delegate in Coronel Oviedo."

Peru

Garcia Congratulates Ecuadoran President-Elect

PY1205150488 Lima Domestic Service in Spanish 1200 GMT 12 May 88

[Text] In a congratulatory message to the Ecuadoran president-elect, Peruvian President Alan Garcia states: The Peruvian people and their government hereby express their fraternal satisfaction over the victory of Christian Left Leader Rodrigo Borja Ceballos in the recent Ecuadoran presidential elections.

Alan Garcia adds: In addition to consolidating democracy in their country, Ecuadoreans have helped to strengthen democracy in all Latin American countries, which because of the election of Rodrigo Borja Ceballos have increased their possibility of undertaking joint actions.

Senator Villanueva on Cabinet Reshuffle

PY1205141288 Lima Television Peruana in Spanish 1334 GMT 12 May 88

[Text] President Alan Garcia has asked Senator Armando Villanueva to reshuffle the Cabinet. In exclusive statements to the "Esta Manana" program, Villanueva del Campo said the names of the new ministers will be announced before the arrival of Pope John Paul II in Peru.

The president asked the senator to appoint a new Cabinet after accepting the resignations of the Cabinet of former Prime Minister Guillermo Larco Cox. According to a report released by the Government Palace press secretariat, the new designations will be announced in the next few hours.

President Garcia yesterday accepted the resignations of the members of the Cabinet. The president addressed a letter to Larco Cox and the Cabinet thanking them for their work. In the letter, the president stated that reshuffling the Cabinet is a political tool that allows the government to reaffirm, renew, and strengthen its major objectives.

[Begin recording] [Unidentified reporter] Do we have a Prime Minister?

[Villanueva] There are reports, although no statements have been made. [Villanueva laughs]

[Reporter] What is the result of your talks with the president?

[Villanueva] We worked for a long time. This work will continue. An effort is necessary to attain the major objectives.

[Reporter] Will the names of the new Cabinet members be announced tomorrow?

[Villanueva] This information will be released at the right time. I have the responsibility of proposing the names of the new Cabinet members.

[Reporter—video shows Villanueva del Campo walking from the Government House to his car] Senator Villanueva del Campo is now leaving Government House after a lengthy meeting with President Alan Garcia.

[Villanueva] What television channel do you work for?

[Reporter] Channel 7.

[Villanueva] Then you should have more information than I do.

[Reporter] The country would like to hear a short message.

[Villanueva] There will be one in due time, as necessary.

[Reporter] Did you and the president consider names for the new Cabinet?

[Villanueva] There will be conprehensive reports in the next few days.

[Reporter] Before or after the Pope's visit?

[Villanueva] I believe it will be before. [end recording]

APRA Members Support Economy Minister

PY1205031188 Lima Television Peruana in Spanish 0229 GMT 12 May 88

[Excerpt] APRA members have decided to express their support for Economy Minister Gustavo Saberbein. After attending an APRA meeting, Minister Saberbein said it is up to President Garcia whether or not to accept his resignation because his position as minister is always at the president's disposal. Minister Saberbein Chevalier admitted that there have been mistakes in handling economic matters.

[Begin recording] [Unidentified reporter] How do you feel about this expression of support?

[Saberbein] I am very happy about it. I feel reinvigorated, mostly because the discussions held these last days have irritated everyone. To be here among comrades and fellow party members, where I received warm support from all, makes me feel good. This does not mean, however, the I am overlooking or trying to influence the decision the president of the Republic and the president of the Cabinet must make. I believe that all that we did was to correct, although some details must be corrected. The important point, however, is that everything we did was aimed at improving the people's situation: to gradually change our structures and our system, which synthesized the evils of our society. [passage omitted] [end recording]

Policemen Clash With Drug Traffickers

PY1205143588 Madrid EFE in Spanish 0335 GMT 12 May 88

[Text] Lima, 11 May (EFE)—The Interior Ministry today reported that five policemen have been missing since the boat in which they were patroling the Huallaga River in San Martin Department was fired on and sunk last Monday.

An official communique said that the six-man police patrol left Puerto Pizana on its way to Tocache, an area in northern Peru where there is drug trafficking. The communique stated that 30 minutes after the patrol left, the traffickers caught the policemen by surprise and fired at them with automatic weapons until the ship sank. Peruvian Investigative Police (PIP) Sergeant Lucio Quispe was rescued. The search for the five missing policemen continues, the communique said.

Terrorists Launch Attacks in Nation's Capital

Military Guard Killed

PY1205154988 Madrid EFE in Spanish 1439 GMT 12 May 88

[Excerpts] Lima, 12 May (EFE)—At least seven Peruvian Republican Guards were seriously wounded today in an attack on a police vehicle. A Republican Guard officer disclosed that a passerby threw a bomb, of approximately 1/2 kg, inside a police bus near the Ricardo Palma Bridge over the Rimac River in downtown Lima. The bus was transporting personnel from the headquarters of the Rimac Republican Guard, one of the three Peruvian police institutions, to the Lurigancho Prison on the outskirts of Lima. [passage omitted]

Officials have stated that the attack was perpetrated by the Maoist Shining Path Group, which has stepped up its actions during the past month or so. This is the third attack in less than 12 hours. The military compound in Chorrillos neighborhood and the Interior Ministry in San Isidro District were attacked yesterday.

The attack on the military compound, which is surrounded by a high wall and is heavily guarded, was perpetrated with a car-bomb that blew up on a nearby highway. Many Army officers live in the compound. As a result of the attack, one military guard was killed and another was wounded.

The Interior Ministry, located in the residential San Isidro neighborhood, was attacked; grenade launchers were used in the attack. The building facade was hit at least three times, causing some damages. [passage omitted]

Religious Seminary Attacked

PY1305140688 Buenos Aires TELAM in Spanish 1136 GMT 13 May 88

[Text] Lima, 13 May (TELAM-DPA)—A terrorist commando last night attacked a religious seminary in Lima, where Pope John Paul II will meet Peruvian intellectuals and businessmen next Sunday. The pope, who is now in Bolivia, will arrive in Peru on Saturday. The terrorists said they are not against the church but against the Peruvian Government.

Venezuela

AD, COPEI Candidates Begin Campaigning

PA1305011488 Caracas EL NACIONAL in Spanish 3 May 88 p A-1

[Text] Touring the entire Caracas valley on the metro and on a bus, Eduardo Fernandez has begun his presidential campaign. During his tour with stops along Redoma de Petar, Los Dos Caminos, Chacaito, Sabana Grande, and the Catia Boulevard, Fernandez shook hands with hundreds of Caracas residents and talked with them about their main problems and aspirations. He had earlier hosted a news conference in El Porton Restaurant, where the COPEI [Social Christian Party] candidate called on Venezuelan youth to join a civic insurrection "not with bullets or rocks but with votes." He also said that there had been "political manipulation" in the case of the San Mateo parish priest who was arrested for cocaine possession.

Meanwhile, Carlos Andres Perez, presidential candidate for the Democratic Action Party [AD], officially began his campaign at 1030 with a rally at the foot of El Gallo hill, San Felix. The national leadership of his party attended the rally.

In the afternoon, the AD candidate and his campaign team left for Valencia to attend a rally at Lara Avenue; later, they went to Cabimas (Zulia) to participate in another rally.

In the three cities—San Felix, Valencia, and Cabimas—the AD candidate delivered different speeches where he mainly referred to the work of his previous administration, the reforms to the state, the community development movement, and the role of basic industries in the country's economy.

Guyana

CDB Report Views 1987 Economic Performance

FL1105221088 Bridgetown CANA in English 2043 GMT 8 May 88

[Text] Bridgetown, Barbados, May 11, CANA—The performance of the Guyana economy for the first half of 1987 declined but the Caribbean Development Bank (CDB) expects marginal output growth for the year. In its annual report published on Wednesday, the CDB said actual data for the first six months of the year indicated a fall in real growth by approximately 9 per cent. The CDB report, presented to the 18th annual meeting of its board of governors in Basseterre, noted that fiscal and trade deficits and debt repayment difficulties had hampered recovery, but that at the same time, the underground economy had continued to generate a substantial level of economic activity.

Output of sugar for 1987 was 220,995 tons compared to 248,900 tons for 1986. The 11.2 per cent decline in production could be attributed to less than normal rainfall in the first half of the year, labour shortages and insufficient land preparation equipment, the bank said.

Despite falling production levels, the industry's financial operations have improved due, in part, to the rationalisation programme which is aimed at reducing unit costs of production, and to the devaluation of the Guyana dollar.

Rice production fell 8.6 per cent to a projected 156,250 tons. The cultivated acreage declined 6.4 per cent to 194,229 acres and the yield of paddy per acre dropped from 21.6 bags to 20.75 bags.

Improved milling facilities and the use of a retention account which ameliorated the spare parts availability problem enhanced production efficiency. However, adverse changes in weather patterns and processing problems due to power shortages outweighed the above improvements.

Calcined bauxite production increased 7.2 per cent from 490,881 tons in 1986 to an estimated 526,443 tons in 1987. Metallurgical and chemical grade bauxite, however, both declined by an average of 2.7 per cent to 766,177 and 186,307 tons, respectively. Total bauxite production therefore reached 1,478,927 tons, an increase of 1 per cent over 1986.

Declared gold production rose 128 per cent to reach an estimated 1,000 kilograms, while 6,881 carats of diamonds were recorded, a fall of 25 per cent from the 9,147 carats reported in 1986. There had been a greater emphasis on gold production as operators took advantage of the price incentive and foreign exchange retention schemes that existed for gold mining. The recent decisions to allow foreign exchange retention accounts and to pay diamond dredgers the equivalent of the London market rate exchanged at the free foreign exchange window rate, will help boost the informational and promotional efforts scheduled for 1988 to increase diamond production, the bank said.

Data up to July show the urban all items consumer price index to have increased by an average of 32 per cent for the first seven months and by 35 per cent on a point-to-point 12 month basis. The dominant contributing items were clothing and food, beverages and tobacco, the former rising by 59 per cent for the 12-month period.

Commercial bank credit at the end of September 1987 had increased 21.5 per cent over the end of period figure for 1986. The share of credit to the public sector declined slightly from 89.4 per cent to 88.8 per cent, but rose 20.8 per cent in absolute terms from U.S. 558.1 million dollars to U.S. 674.2 million dollars.

Broad money increased 30 per cent to U.S. 341.7 million dollars for the nine-month period. Time and savings deposits rose 31 per cent to register 66 per cent of total deposit liabilities (U.S. 226.3 million dollars) while currency and demand deposits rose 28 per cent to U.S. 115.4 million dollars.

Half year balance of payments data show a merchandise trade surplus of U.S. 19.5 million dollars. With a deficit of U.S. 40 million dollars on the services account, the current account registered a deficit of U.S. 20.5 million dollars.

The projected end of year balance is a deficit of U.S. 51.5 million dollars. Sugar exports were valued at U.S. 39.4 million dollars; rice earned U.S. 7.7 million dollars while bauxite earnings recorded U.S. 43 million dollars. However, with the exception of sugar and chemical grade bauxite, the other major exports increased in volume over corresponding half year for 1986.

In general, export promotion has been helped by the policy initiatives relating to countertrade, retention account schemes, the export development fund and the private exporters scheme.

Recurrent government expenditure as at October 1987 was U.S. 180 million dollars of which employment costs and the public debt repayments were 24.5 per cent and 51 per cent respectively. The revised estimates for 1987 indicate an increase of 68 per cent in total recurrent expenditure to U.S. 210 million dollars.

Collected revenues amounted to U.S. 95 million dollars and are projected to reach 130 million dollars by year end. This represents a 32 per cent increase in revenue and will imply a recurrent deficit of U.S. 80 million dollars. The increase in the fiscal deficit is due to rising domestic debt repayments, tax concessions in the 1987 budget, recent wage increases and poor production performance.

The overall public sector account is expected to be in deficit, despite a currently encouraging U.S. 80 million dollars surplus from the consolidated public enterprises, as capital expenditure estimated at U.S. 73.4 million dollars for 1987, stood at U.S. 23.9 million dollars at the end of June 1987.

The internal public debt at June 1987 totalled U.S. 851.1 million dollars of which short-term debt in the form of bank advances and treasury bills amounted to U.S. 560.9 million dollars. Medium- and long-term external debt at the end of 1986 totalled U.S. 706.3 million dollars.

Scheduled debt service payments for 1987 were U.S. 113.5 million dollars of which U.S. 98.5 million dollars represented principal repayments. At June 1987, total debt servicing amounted to U.S. 2.9 million dollars of principal and U.S. 6.9 million dollars of interest.

Total external debt service arrears for the first six months of 1987 were U.S. 946 million dollars, of which 62 per cent or U.S. 589.1 million dollars, were net arrears of the Bank of Guyana.

The short to medium term prospects for Guyana have improved, the bank said. Agricultural rationalisation and diversification and recent irrigation and drainage schemes should increase the physical potential and efficiency of the sector.

Mining exploration activity is to be vigorously continued and it is hoped that seven mines will be on stream by 1991-1995. The petroleum exploration promotion project is advancing—a two-year exploration agreement has been signed with Petrolam of Trinidad and Tobago working in a joint venture with the Texas-based Petromarine Company, and a production sharing agreement is being concluded with the London And Scotish Marine Oil company (LASMO) and Broken Hill proprietary.

Ongoing reorganisation aimed at restructuring the public sector enterprises and granting incentives to the private sector should prove beneficial, the report said.

Constraints that may hinder growth include a shortage of professional skills and inadequate infrastructural linkages.

The economic recovery of the country will hinge closely on the ability of policy makers to find a strategy for reducing the immense public debt and obtaining development loans to stimulate investment.